

AMENDED IN ASSEMBLY JULY 27, 2004

AMENDED IN ASSEMBLY JUNE 29, 2004

**SENATE BILL**

**No. 1097**

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**Introduced by Committee on Budget and Fiscal Review**

January 12, 2004

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~~An act relating to the Budget Act of 2004.~~ *An act to amend Sections 14030 and 14070 of, and to repeal Sections 14202 and 28506 of, the Corporations Code, to amend Sections 8277.6, 68084, 88500, 88510, and 89440 of the Education Code, to amend Section 22056 of the Financial Code, to amend Sections 492, 705, and 78486 of the Food and Agricultural Code, to amend Sections 7076, 7086, 8684.2, 8899.12, 14041, 14998.3, 14998.4, 14998.6, 14998.7, 14998.8, 14998.9, 15710, 63024, 65040.9, 65040.12, 66031, and 91550 of, to add Sections 11008.2 and 11008.5 to, and to repeal Sections 8684, 8899.16, 8899.21, 11347.6, and 66036 of, the Government Code, to amend Sections 11998.1, 18949.6, 25395.20, 25395.23, 25395.41, 34053, 37981, 37982, 37983, 37984, 39752, 40448.6, 41503.6, 41865, 50887.5, and 124850 of, and to amend and renumber Sections 35989 and 35990 of, the Health and Safety Code, to amend Section 1831 of the Military and Veterans Code, to amend Section 2802 of the Penal Code, to amend Sections 25696, 31306, 36300, 42021, and 42024 of, and to repeal Section 42022 of, the Public Resources Code, to amend Section 883 of the Public Utilities Code, to amend Sections 17053.74 and 23622.7 of the Revenue and Taxation Code, and to amend Sections 335, 10200, 10202.5, 10205, 10206, 10525, 10529, 11010, 11011, 12112, 12151, 15076, 15076.5, and 15077 of, and to repeal Section 10213.5 of, the Unemployment Insurance Code, relating to state government, and declaring the urgency thereof, to take effect immediately.*

## LEGISLATIVE COUNSEL'S DIGEST

SB 1097, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2004~~ General government.

(1) Existing law establishes the California Small Business Expansion Fund in the State Treasury to, among other things, pay for defaulted loan guarantees, administrative costs of corporations, and those costs necessary to protect a real property interest in a defaulted loan or guarantee. Existing law requires that the amount of guarantee liability outstanding at any one time not exceed 4 times the amount of funds on deposit in the expansion fund and requires that a corporate guarantee be backed by funds on deposit in the corporation's corporate fund.

This bill would require that the amount on deposit in the expansion fund for guarantee liability include any receivables due from funds loaned from the expansion fund to another fund in state government as directed by the Legislature and the Department of Finance and would also provide that a corporate guarantee may also be backed by receivables due from funds from the corporation's trust fund account to another fund in state government as directed by the Legislature and the Department of Finance.

(2) The Enterprise Zone Act prescribes duties of the Department of Housing and Community Development in connection with the act.

This bill would authorize the department and local governments to charge and collect certain fees in connection with the act.

(3) Existing law, until January 1, 2004, established the Technology, Trade, and Commerce Agency under the direction of the Secretary of Technology, Trade, and Commerce, and generally set forth the duties and authority of the agency and the secretary in state government. As of that date, certain duties of the agency and the secretary are performed by, and certain authority of the agency is granted to, the Business, Transportation and Housing Agency, including various entities within the agency, and the Secretary of Business, Transportation and Housing.

This bill would delete references to the Technology, Trade, and Commerce Agency, the Secretary of Technology, Trade, and Commerce, and various activities under the jurisdiction of that agency or secretary, and would make various conforming changes, including changes with respect to those duties performed by, or authority granted to, the Business, Transportation and Housing Agency and its secretary.

(4) Existing law sets forth certain duties of the California Film Commission, the Director of the Film Commission, and the Director of



*the Film Office, and sets forth the components of a program prepared and implemented by the Director of the Film Office to promote the production of motion pictures and still photography for the benefit of the state's economy.*

*This bill would delete references to the Director of the Film Office, and instead refer to the Director of the Film Commission in this regard. It would specify that certain of these provisions would be subject to the provision of funding appropriated for these purposes.*

*(5) Existing law requires certain moneys to revert to the Underground Storage Tank Cleanup Fund in the General Fund upon a specified contingency.*

*This bill would require those moneys to revert to the General Fund.*

*(6) Existing law places certain activities relating to military base retention and conversion in the Department of Housing and Community Development.*

*This bill would transfer those activities to the Business, Transportation and Housing Agency.*

*(7) The Personal Income Tax Law and the Corporation Tax Law provide various credits against the taxes imposed by those laws, including credits for hiring employees in enterprise zones. Among other things, a taxpayer claiming the hiring credit is required to obtain, from specified governmental entities, a certification that the employees meet specified eligibility requirements.*

*This bill would provide that this certification may also be obtained from the local government administering the enterprise. This bill would require the Department of Housing and Community Development to develop regulations that govern the issuance of this certification by a local government.*

*(8) Existing law requires specified state entities, including the Secretary of Technology, Trade, and Commerce, in consultation with stakeholders and customers, to collaborate in the development of a state workforce development system and encourage and support local partners to develop regional workforce collaboratives.*

*This bill would delete the reference to the Secretary of Technology, Trade, and Commerce, and would additionally include the Secretary of Labor and Workforce Development within these provisions.*

*(9) This bill would make various technical, nonsubstantive changes.*

*(10) This bill would declare that it is to take effect immediately as an urgency statute.*



~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2004.~~

Vote: ~~majority~~ <sup>2/3</sup>. Appropriation: no. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 ~~SECTION 1. It is the intent of the Legislature to enact~~  
2 ~~necessary statutory changes relating to the Budget Act of 2004.~~

3 *SECTION 1. Section 14030 of the Corporations Code is*  
4 *amended to read:*

5 14030. There is hereby created in the State Treasury the  
6 California Small Business Expansion Fund. All or a portion of the  
7 funds in the expansion fund may be paid out, with the approval of  
8 the Department of Finance, to a lending institution or financial  
9 company that will act as trustee of the funds. The expansion fund  
10 and the trust fund shall be used to pay for defaulted loan guarantees  
11 issued pursuant to Article 9 (commencing with Section 14070),  
12 administrative costs of corporations, and those costs necessary to  
13 protect a real property interest in a defaulted loan or guarantee. The  
14 amount of guarantee liability outstanding at any one time shall not  
15 exceed four times the amount of funds on deposit in the expansion  
16 fund *plus any receivables due from funds loaned from the*  
17 *expansion fund to another fund in state government as directed by*  
18 *the Legislature and the Department of Finance*, including each of  
19 the trust fund accounts within the trust fund, unless the office has  
20 permitted a higher leverage ratio for an individual corporation  
21 pursuant to subdivision (c) of Section 14037.

22 *SEC. 2. Section 14070 of the Corporations Code is amended*  
23 *to read:*

24 14070. (a) The corporate guarantee shall be backed by funds  
25 on deposit in the corporation's corporate fund *account, or by*  
26 *receivables due from funds loaned from the corporation's trust*  
27 *fund account to another fund in state government as directed by the*  
28 *Legislature and the Department of Finance.*

29 (b) Loan guarantees shall be secured by a reserve of at least 25  
30 percent to be determined by the director, unless the office  
31 authorizes a higher leverage ratio for an individual corporation  
32 pursuant to subdivision (c) of Section 14037.



1 (c) The expansion fund and corporate accounts shall be used  
2 exclusively to guarantee obligations and pay the administrative  
3 costs of the corporations. A corporation located in a rural area may  
4 utilize the funds for direct lending to farmers as long as at least 90  
5 percent of the corporate fund farm loans, calculated by dollar  
6 amount, and all expansion fund farm loans are guaranteed by the  
7 United States Farmers Home Administration. The amount of  
8 funds available for direct farm lending shall be determined by the  
9 executive director. In its capacity as a direct lender, the corporation  
10 may sell in the secondary market the guaranteed portion of each  
11 loan so as to raise additional funds for direct lending. The agency  
12 shall issue regulations governing these direct loans, including the  
13 maximum amount of these loans.

14 (d) In furtherance of the purposes of this part, up to one-half of  
15 the corporate funds may be used to guarantee loans utilized to  
16 establish a Business and Industrial Development Corporation  
17 (BIDCO) under Division 15 (commencing with Section 33000) of  
18 the Financial Code.

19 (e) To execute the direct loan programs established in this  
20 chapter, the office may loan trust funds to a corporation located in  
21 a rural area for the express purpose of lending those funds to an  
22 identified borrower. The loan by the office to the corporation shall  
23 be on terms similar to the loan between the corporation and the  
24 borrower. The amount of the loan may be in excess of the amount  
25 of a loan to any individual farm borrower, but actual disbursements  
26 pursuant to the office loan agreement shall be required to be  
27 supported by a loan agreement between the farm borrower and the  
28 corporation in an amount at least equal to the requested  
29 disbursement. The loan between the office and the corporation  
30 shall be evidenced by a credit agreement. In the event that any loan  
31 between the corporation and borrower is not guaranteed by a  
32 governmental agency, the portion of the credit agreement  
33 attributable to that loan shall be secured by assignment of any note,  
34 executed in favor of the corporation by the borrower to the office.  
35 The terms and conditions of the credit agreement shall be similar  
36 to the loan agreement between the corporation and the borrower,  
37 which shall be collateralized by the note between the corporation  
38 and the borrower. In the absence of fraud on the part of the  
39 corporation, the liability of the corporation to repay the loan to the  
40 office is limited to the repayment received by the corporation from



1 the borrower except in a case where the Farmers Home  
2 Administration requires exposure by the corporation in rule or  
3 regulation. The corporation may use trust funds for loan  
4 repayment to the office if the corporation has exhausted a loan loss  
5 reserve created for this purpose. Interest and principal received by  
6 the office from the corporation shall be deposited into the same  
7 account from which the funds were originally borrowed.

8 (f) Upon the approval of the director, a corporation shall be  
9 authorized to borrow trust funds from the office for the purpose of  
10 relending those funds to small businesses. A corporation shall  
11 demonstrate to the director that it has the capacity to administer a  
12 direct loan program, and has procedures in place to limit the  
13 default rate for loans to startup businesses. Not more than 25  
14 percent of any trust fund shall be used for the direct lending  
15 established pursuant to this subdivision. A loan to a corporation  
16 shall not exceed the amount of funds likely to be lent to small  
17 businesses within three months following the loan to the  
18 corporation. The maximum loan amount to a small business is fifty  
19 thousand dollars (\$50,000). In the absence of fraud on the part of  
20 the corporation, the repayment obligation pursuant to the loan to  
21 the corporation shall be limited to the amount of funds received by  
22 the corporation for the loan to the small business and any other  
23 funds received from the office that are not disbursed. The  
24 corporation shall be authorized to charge a fee to the small business  
25 borrower, in an amount determined by the office pursuant to  
26 regulation. The program provided for in this subdivision shall be  
27 available in all geographic areas of the state.

28 *SEC. 3. Section 14202 of the Corporations Code is repealed.*

29 ~~14202. The Trade and Commerce Agency shall assist other~~  
30 ~~public agencies, nonprofit corporations, or foundations in the~~  
31 ~~development and facilitation of employee-owned businesses. In~~  
32 ~~support of this activity the Trade and Commerce Agency shall do~~  
33 ~~each of the following:~~

34 ~~(a) Compile, organize, and make available to the public a~~  
35 ~~library of resources on the subject of employee ownership.~~

36 ~~(b) Provide public education on the beneficial aspects of~~  
37 ~~employee-owned businesses and employee participation in~~  
38 ~~business management.~~



1 ~~(c) Promote the research of issues relative to the innovative~~  
2 ~~utilization of employee ownership and participation for the~~  
3 ~~purpose of local economic development.~~

4 ~~(d) Provide or facilitate the provision of technical assistance on~~  
5 ~~the establishment and successful management of~~  
6 ~~employee-owned businesses.~~

7 ~~(e) Promote and participate in seminars, workshops, and~~  
8 ~~conferences to increase awareness especially of professional,~~  
9 ~~private, and public sectors important to economic development~~  
10 ~~and business assistance, of the benefits found to be common to~~  
11 ~~employee-owned businesses.~~

12 *SEC. 4. Section 28506 of the Corporations Code is repealed.*

13 ~~28506. The commissioner, on behalf of the Trade and~~  
14 ~~Commerce Agency, shall forward economic benefit surveys and~~  
15 ~~questionnaires to the licensees for their completion. The surveys~~  
16 ~~and questionnaires shall be for the purpose of evaluating the~~  
17 ~~economic benefits to the State of California resulting from the~~  
18 ~~activities of the capital access companies licensed under this~~  
19 ~~division. The information requested from the licensees shall be~~  
20 ~~reasonable in scope and shall include, but not be limited to, the~~  
21 ~~number and type of jobs created and retained by the small business~~  
22 ~~firms provided financing assistance, data on growth and expansion~~  
23 ~~of the small business firms provided financing assistance, and~~  
24 ~~aggregate data on tax revenues. The Trade and Commerce Agency~~  
25 ~~shall compile and make this information available to the public~~  
26 ~~annually.~~

27 *SEC. 5. Section 8277.6 of the Education Code is amended to*  
28 *read:*

29 8277.6. (a) For purposes of this section “department” means  
30 the Department of Housing and Community Development.

31 (b) The department shall administer the Child Care and  
32 Development Facilities Loan Guaranty Fund and the Child Care  
33 and Development Facilities Direct Loan Fund. The department  
34 may administer the funds directly, through interagency  
35 agreements with other state agencies, through contracts with  
36 public or private entities, or through any combination thereof. If  
37 the department determines that a public or private entity is capable  
38 of making child care and development facilities loans or loan  
39 guarantees, the department may delegate the authority to review  
40 and approve those loans or guarantees to the public or private



1 entity. The department is authorized to enter into ~~an~~ interagency  
2 ~~agreement with the Trade and Commerce Agency~~ *agreements* to  
3 carry out the purposes of this section and Section 8277.5 by  
4 utilizing the services of small business financial development  
5 corporations established pursuant to Chapter 1 (commencing with  
6 Section 14000) of Part 5 of Division 3 of the Corporations Code.  
7 Toward this end, the department is authorized to transfer funds  
8 from the Child Care and Development Facilities Direct Loan Fund  
9 to the California Economic Development Grant and Loan Fund  
10 established by Section 15327 of the Government Code and to  
11 transfer funds from the Child Care and Development Facilities  
12 Loan Guaranty Fund to the Small Business Expansion Fund  
13 established by Section 14030 of the Corporations Code. Those  
14 funds shall be deposited into a Child Care Direct Loan Fund  
15 Account and a Child Care Loan Guaranty Fund Account hereby  
16 established in the respective funds. Notwithstanding anything to  
17 the contrary in Chapter 1 (commencing with Section 15310) of  
18 Part 6.7 of Division 3 of Title 2 of the Government Code and  
19 Chapter 1 (commencing with Section 14000) of Part 5 of Division  
20 3 of the Corporations Code, the funds in these accounts shall be  
21 administered in compliance with the requirements of this section  
22 and Section 8277.5.

23 (c) Eligible applicants for the loan guaranty program and the  
24 direct loan program shall include, but not be limited to, sole  
25 proprietorships, partnerships, proprietary and nonprofit  
26 corporations, and local public agencies that are responsible for  
27 contracting with or providing licensed child care and development  
28 services. Eligible facilities shall include licensed full-day and  
29 part-day child care and development facilities and licensed large  
30 family day care homes as described in Section 1597.465 of the  
31 Health and Safety Code, and licensed small family day care homes  
32 as described in Section 1597.44 of the Health and Safety Code.

33 (d) Loan guarantees and direct loans for family child care  
34 homes shall not be made for the purpose of purchasing a home or  
35 any real property.

36 (e) The State Department of Education shall provide input  
37 regarding program priorities that shall be considered in the  
38 funding of applications by the department. These priorities shall  
39 include, but are not limited to, the following:



1 (1) Geographic priorities based on the extent of need for child  
2 care and development supply-building efforts in different parts of  
3 the state.

4 (A) Not less than 30 percent of the loan guarantee and direct  
5 loan obligations shall benefit providers located in rural areas, as  
6 defined in subparagraph (B). If the amount of qualified  
7 applications from rural providers is insufficient to satisfy this  
8 requirement, the excess capacity reserved for rural providers may  
9 be made available to other qualified applications according to the  
10 policies and procedures of the department. The remaining 70  
11 percent of funds shall be available to rural or urban areas and other  
12 priorities in accordance with this subdivision.

13 (B) For purposes of subdivision (a), rural communities are  
14 defined by any county with fewer than 400 residents per square  
15 mile.

16 (2) Age priorities based on the extent of need for child care and  
17 development supply-building efforts for children of different age  
18 groups.

19 (3) Income priorities shall include families transitioning to  
20 work or other lower income families. For purposes of this section,  
21 “lower income” shall have the same meaning as “income  
22 eligible” as set forth in Section 8263.1.

23 (4) Program priorities based on the extent of facilities needs  
24 among specific kinds of providers, including those that contract to  
25 administer state and federally funded child care and development  
26 programs administered by the State Department of Education,  
27 providers who have lost classrooms due to class size reduction or  
28 other state or local initiatives, or providers that need to expand to  
29 meet the needs of a child care initiative for recipients of aid under  
30 Chapter 3 (commencing with Section 11200) of Part 3 of Division  
31 9 of the Welfare and Institutions Code, or any successor program.

32 (f) The program priorities shall reflect input from  
33 representatives of diverse sectors of the child care and  
34 development field, financial institutions, local planning councils,  
35 the Child Development Programs Advisory Committee, and the  
36 State Department of Social Services for purposes of identifying  
37 communities with high percentages of recipients of aid under  
38 Chapter 3 (commencing with Section 11200) of Part 3 of Division  
39 9 of the Welfare and Institutions Code, or any successor program,  
40 who need child care to meet work requirements. As part of its



1 annual report to the Legislature, required pursuant to Section  
2 50408 of the Health and Safety Code, the department shall assess  
3 and report, after consultation with the State Department of  
4 Education, on the performance, effectiveness, and fiscal standing  
5 of the Child Care and Development Facilities Loan Guaranty Fund  
6 and the Child Care and Development Facilities Direct Loan Fund.  
7 The report shall include information on the number of defaults, the  
8 types of facilities in default, and a review of the adequacy of the  
9 set-aside for rural areas specified in paragraph (1) of subdivision  
10 (e).

11 (g) The department shall adopt regulations and establish  
12 priorities, forms, policies and procedures for implementing and  
13 managing the Child Care and Development Facilities Loan  
14 Guaranty Fund and the Child Care and Development Facilities  
15 Direct Loan Fund and making the loan guarantees and direct loans  
16 authorized hereunder consistent with priorities provided by the  
17 State Department of Education. To the extent feasible, the  
18 department shall use applicant fees and points to cover its  
19 administrative costs. The department may utilize an amount of  
20 money from the Child Care and Development Facilities Loan  
21 Guaranty Fund and the Child Care and Development Facilities  
22 Direct Loan Fund, as appropriate, for reasonable administrative  
23 costs in any given fiscal year. Unless an appropriation for  
24 administrative costs is made in the annual Budget Act that exceeds  
25 the following limits, administrative expenditures shall not exceed  
26 3 percent of the amount appropriated to each fund in the Budget  
27 Act of 1997.

28 (h) (1) The department shall adopt regulations to efficiently  
29 and effectively implement the microenterprise loan program  
30 described in this subdivision, including, but not limited to, the  
31 following:

32 (A) Making loans available from the Child Care and  
33 Development Facilities Direct Loan Fund to local microenterprise  
34 loan funds and other lenders who may relend the funds in  
35 appropriate amounts to eligible small family day care home  
36 providers described in Section 1597.44 of the Health and Safety  
37 Code, large family day care home providers described in Section  
38 1597.465 of the Health and Safety Code, and licensed child care  
39 and development facilities that serve up to 35 children.



1 (B) Authorizing a specified amount of guarantees of small  
2 loans by local microenterprise loan funds and other lenders serving  
3 eligible small family day care home providers described in Section  
4 1597.44 of the Health and Safety Code, large family day care home  
5 providers described in Section 1597.465 of the Health and Safety  
6 Code, and licensed child care and development facilities that serve  
7 up to 35 children.

8 (2) Notwithstanding anything to the contrary in this section or  
9 Section 8277.5, a loan made pursuant to this subdivision shall not  
10 be made for less than five thousand dollars (\$5,000) or for more  
11 than fifty thousand dollars (\$50,000) and shall not be subject to the  
12 75-percent investment restriction contained in paragraph (2) of  
13 subdivision (e) of Section 8277.5.

14 (i) The department may adopt regulations for the purposes of  
15 this section as emergency regulations in accordance with Chapter  
16 3.5 (commencing with Section 11340) of Part 1 of Division 3 of  
17 Title 2 of the Government Code. For the purposes of the  
18 Administrative Procedure Act, including Section 11349.6 of the  
19 Government Code, the adoption of the regulations shall be deemed  
20 to be an emergency and necessary for the immediate preservation  
21 of the public peace, health and safety, or general welfare,  
22 notwithstanding subdivision (e) of Section 11346.1 of the  
23 Government Code. Notwithstanding subdivision (e) of Section  
24 11346.1, any regulation adopted pursuant to this section shall not  
25 remain in effect more than 180 days unless the department  
26 complies with all provisions of Chapter 3.5 (commencing with  
27 Section 11340) of Part 1 of Division 3 of Title 2 of the Government  
28 Code, as required by subdivision (e) of Section 11346.1 of the  
29 Government Code.

30 *SEC. 6. Section 68084 of the Education Code is amended to*  
31 *read:*

32 68084. (a) A parent who is a federal civil service employee  
33 and his or her natural or adopted dependent children are entitled  
34 to resident classification at the California State University, the  
35 University of California, or a California community college if the  
36 parent has moved to this state as a result of a military mission  
37 realignment action that involves the relocation of at least 100  
38 employees. This classification shall continue until the student is  
39 entitled to be classified as a resident pursuant to Section 68017, so  
40 long as the student continuously attends an institution of public



1 higher education. ~~The Trade and Commerce Agency shall certify~~  
2 ~~qualifying military mission realignment actions under this section~~  
3 ~~and provide this information to~~

4 (b) *It shall be the responsibility of the California Community*  
5 *Colleges, the California State University, and the University of*  
6 *California to certify qualifying military mission realignment*  
7 *actions under this section.*

8 SEC. 7. Section 88500 of the Education Code is amended to  
9 read:

10 88500. The mission of the economic and workforce  
11 development program, subject to approval and amendment by the  
12 Board of Governors of the California Community Colleges, shall  
13 include, but not necessarily be limited to, all of the following:

14 (a) To advance California's economic growth and global  
15 competitiveness through high quality education and services  
16 focusing on continuous workforce improvement, technology  
17 deployment, and business development, consistent with the  
18 current needs of the state's regional economies.

19 (b) To maximize and leverage the resources of the California  
20 Community Colleges to fulfill its role as the primary provider in  
21 fulfilling the vocational education and training needs of California  
22 business and industry.

23 (c) To work with representatives of business, labor, and  
24 professional trade associations to explore and develop new  
25 alternatives for assisting incumbent workers. A key objective is to  
26 enable incumbent workers to become more competitive in their  
27 region's labor market, increase competency, and identify career  
28 paths to economic self-sufficiency and lifelong access to  
29 good-paying jobs. This includes, but is not necessarily limited to,  
30 career ladder approaches.

31 (d) To collaborate with other state and local agencies, including  
32 partners under the federal Workforce Investment Act of 1998  
33 (Public Law 105-220), and the Technology, Trade, and Commerce  
34 Agency, to deliver services that meet statewide and regional  
35 workforce, business development, technology transfer, and trade  
36 needs that attract, retain, and expand businesses.

37 (e) To develop, ~~in consultation with the Economic Strategy~~  
38 ~~Panel of the Technology, Trade, and Commerce Agency,~~ local  
39 economic development agencies, the private sector, and labor and  
40 community groups, innovative solutions, as needed, in identified



1 strategic priority areas, including, but not necessarily limited to,  
2 advanced transportation, biotechnology, small business, applied  
3 competitive technologies, including computer integrated  
4 manufacturing, production and continuous quality improvement,  
5 business and workforce improvement, environmental  
6 technologies, health care delivery, multimedia/entertainment,  
7 international trade, and workplace literacy. Strategic priority areas  
8 that may be explored if new or additional funding becomes  
9 available may include information technology, e-commerce and  
10 e-trade, and nanotechnology.

11 (f) To identify, acquire, and leverage community college and  
12 other vocational training resources when possible, to support  
13 local, regional, and statewide economic development.

14 (g) To create effective logistical, technical, and marketing  
15 infrastructure support for economic development activities within  
16 the California Community Colleges.

17 (h) To optimize access to community colleges' economic  
18 development services.

19 (i) To develop strategic public and private sector partnerships.

20 (j) To assist communities experiencing military base  
21 downsizing and closure.

22 *SEC. 8. Section 88510 of the Education Code is amended to*  
23 *read:*

24 88510. (a) The Board of Governors of the California  
25 Community Colleges and the Chancellor of the California  
26 Community Colleges may award grants to districts for leadership  
27 in accomplishing the mission and goals of the economic and  
28 workforce development program, as described in Section 88500.

29 (b) (1) The board of governors shall establish an advisory  
30 committee for the California Community Colleges Economic and  
31 Workforce Development Program and determine the membership,  
32 pursuant to paragraph (2). The advisory committee shall guide  
33 overall program development, recommend resource development  
34 and deployment, and recommend strategies for implementation  
35 and coordination of regional business resources. Based on new  
36 funding and information developed by the Chancellor of the  
37 California Community Colleges pursuant to subdivision (d) and  
38 forwarded to the advisory committee, the advisory committee  
39 shall make recommendations to the chancellor and the board of  
40 governors on whether new initiatives should be undertaken, and



1 whether existing initiatives should continue to be funded at their  
2 existing levels, their funding increased or decreased, or their  
3 funding terminated.

4 (2) The membership of the advisory committee shall include  
5 representatives from labor; business; appropriate state agencies;  
6 ~~including the Technology, Trade, and Commerce Agency~~; a  
7 faculty representative; a classified employee representative; and  
8 one community college chief executive officer representative  
9 from each of the 10 regions of the California Community Colleges  
10 Economic and Workforce Development Program.

11 (3) The advisory committee shall be organized so that its work  
12 is workforce and business development driven, each leveraging  
13 the other to achieve economic development.

14 (c) The decision criteria for allocating funds to colleges shall  
15 take into account all of the following:

16 (1) Regional workforce and business development needs.

17 (2) Emerging industries, labor market growth sectors, and gaps  
18 in service provided by the community colleges of a region, as  
19 identified by the current regional business resource, assistance,  
20 and innovation network infrastructure with identified strategic  
21 priority areas.

22 (3) Performance of the college or district in the administration  
23 and achievement of proposed results of recently awarded  
24 economic development projects.

25 (4) For service delivery projects, the cost of organizing,  
26 administering, and delivering proposed services relative to the  
27 number of clients to be served and the expected benefits. For  
28 capacity building projects, showing how the capacity of the  
29 college is improved in order to deliver services to employers and  
30 students.

31 (5) Demonstrated benefit to the college and faculty resulting  
32 from the services provided for in subdivisions (a), (b), (c), (h), and  
33 (j) of Section 88531.

34 (d) The chancellor's office shall provide systemwide oversight  
35 and evaluation of the economic and workforce development  
36 program.

37 (e) The chancellor may establish program requirements and  
38 performance standards in the administration of the economic and  
39 workforce development program and distribute funds as  
40 appropriate to implement the program.



1 (f) The chancellor may provide technical assistance to  
2 community colleges for the purpose of improving the  
3 competitiveness of their proposals.

4 (g) Funds shall be awarded for the program on a competitive  
5 basis.

6 (h) The chancellor, in awarding short-term competitive funds,  
7 shall take into account colleges in economically distressed urban  
8 and rural areas, and colleges that have not previously been  
9 successful in the competitive bid process.

10 *SEC. 9. Section 89440 of the Education Code is amended to*  
11 *read:*

12 89440. (a) The Legislature hereby finds and declares all of  
13 the following:

14 (1) The biotechnology industry in California is a rapidly  
15 growing industry that will be a critical factor in the state's  
16 economic success in the new millennium.

17 (2) The California State University plays a significant role in  
18 the production and maintenance of the workforce for this rapidly  
19 growing industry.

20 (3) The California State University Program for Education and  
21 Research in Biotechnology ~~(program)~~ was created in 1987 to  
22 provide a coordinated and amplified development of  
23 biotechnology research and education within the California State  
24 University, to foster competitiveness in the industry on both the  
25 state and national levels, to facilitate training of a sufficient  
26 number of biotechnology technicians and scientists, to catalyze  
27 technology transfer and enhance intellectual property protection,  
28 and to facilitate the acquisition and long-term maintenance of  
29 state-of-the-art biotechnology resource facilities.

30 (4) The program facilitates interdisciplinary cooperative  
31 activities between the biology and chemistry departments on all  
32 California State University campuses and between faculty and a  
33 number of allied academic and research units, including  
34 bioengineering, agricultural biotechnology, environmental and  
35 natural resources, molecular ecology, and marine biotechnology.

36 (5) The program conducts a number of activities, including a  
37 competitive applied research and education grants program, the  
38 upgrade of biotechnology instructional and research equipment,  
39 the development of specialized training facilities, and



1 involvement in secondary educator inservice and preservice  
2 biotechnological training.

3 (6) The California State University conducted a Bioscience  
4 Innovation and Training Center Feasibility Study~~(study)~~ to assess  
5 the feasibility of creating a multiuse technology innovation and  
6 training center in Pasadena that can serve as an anchor and catalyst  
7 for biotechnology enterprise growth in the Los Angeles region.

8 (7) The study was completed in December 2000, and  
9 concluded that there is strong demand for biotechnology  
10 workforce training, research, manufacturing, and incubation  
11 services that warrant the development of a bioscience in Pasadena.  
12 When Pasadena was evaluated against critical success factors for  
13 biotechnology community development, it scored highly on many  
14 factors, including a critical mass of cutting-edge research,  
15 accessibility to transportation, quality of life, experienced  
16 entrepreneurs, access to capital, and availability of a skilled  
17 workforce. The steering committee identified four main  
18 components for the proposed facility:

19 (A) Workforce training offering practical, hands-on learning  
20 experiences involving multidisciplinary, multilevel teams of  
21 researchers, technicians, production specialists, apprentices, and  
22 students.

23 (B) Core research laboratories and instrument beta testing  
24 coupled with process manufacturing.

25 (C) New business incubator space, including wet labs and  
26 shared entrepreneurial services and support.

27 (D) Bioinformatics (convergence of biology, mathematics, and  
28 computing) as a common theme running throughout the center.

29 (8) The Bioscience Innovation and Training Center Feasibility  
30 Study, conducted by the California State University, found that the  
31 development of a bioscience center in Pasadena is warranted.

32 (9) A successful biotechnology resource facility requires a  
33 partnership of the city, industry, and education partners, as well as  
34 public and private collaboration, in order to develop projects that  
35 leverage economic opportunities in the Los Angeles basin and  
36 support business throughout California.

37 (10) It is critical that, for a successful resource facility, the  
38 public and private sectors work together to achieve the following  
39 components: workforce training, research in core research  
40 laboratories, new business incubator space, and manufacturing.



1 (b) It is the intent of the Legislature to accomplish both of the  
2 following:

3 (1) To provide additional state funding, if state revenues allow,  
4 to the California State University to maintain the California State  
5 University Program for Education and Research in Biotechnology  
6 at a level that will maintain and enhance its role in the preparation  
7 of the workforce in this critical industry.

8 (2) To provide additional state funding to the California State  
9 University for development of a bioscience center in Pasadena,  
10 subject to appropriation in the annual Budget Act, that would  
11 integrate research and innovation, applied workforce training, and  
12 incubation of new bioscience enterprise. The development of the  
13 bioscience center would include a partnership among local  
14 educational institutions, the local bioscience industry, and  
15 government. These funds ~~will~~ shall be used for the development  
16 of a pilot bioinnovation workforce training program that bridges  
17 the gap between classroom instruction and workforce practice,  
18 using state-of-the-art instrumentation and real-world  
19 development projects, and for final site assessment to ensure due  
20 diligence prior to the selection of a final site. ~~It is the intent of the~~  
21 ~~Legislature that, following the establishment of the program, site,~~  
22 ~~and center, efforts be made to promote the biotechnology center~~  
23 ~~through trade programs operated under the Technology, Trade and~~  
24 ~~Commerce Agency and other public agencies.~~

25 *SEC. 10. Section 22056 of the Financial Code is amended to*  
26 *read:*

27 22056. This division does not apply to the ~~Trade and~~  
28 ~~Commerce Agency California Infrastructure and Economic~~  
29 ~~Development Bank, any program authorized pursuant to Chapter~~  
30 ~~1 (commencing with Section 14000) of Part 5 of Division 3 of Title~~  
31 ~~1 of the Corporations Code, or to the California Integrated Waste~~  
32 ~~Management Board.~~

33 *SEC. 11. Section 492 of the Food and Agricultural Code is*  
34 *amended to read:*

35 492. (a) The Legislature hereby creates the Food  
36 Biotechnology Task Force. The task force shall be cochaired by the  
37 Secretary of ~~the California Health and Welfare Agency Human~~  
38 ~~Services, the Secretary of the California Trade and Commerce~~  
39 ~~Agency,~~ and the Secretary of the California Department of Food  
40 and Agriculture. The task force shall consult with appropriate state



1 agencies and the University of California. The ~~California~~  
2 Department of Food and Agriculture shall be the lead agency.

3 (b) An advisory committee shall be appointed by the task force  
4 to provide input on issues reviewed by the task force. The advisory  
5 committee shall consist of representatives from consumer groups,  
6 environmental organizations, farmers, ranchers, representatives  
7 from the biotechnology industry, researchers, organic farmers,  
8 food processors, retailers, and others with interests in the issues  
9 surrounding biotechnology.

10 (c) The ~~California~~ Department of Food and Agriculture shall  
11 make funds available to other agencies to accomplish the purposes  
12 of this article and shall contract, where appropriate, with the  
13 California Council on Science and Technology, the University of  
14 California, or other entities to review issues evaluated by the task  
15 force or support activities of the advisory committee.

16 (d) The task force may request particular agencies to lead the  
17 effort to evaluate various factors related to food biotechnology. As  
18 funding becomes available, the task force shall evaluate factors  
19 including all of the following:

20 (1) Definition and categorization of food biotechnology and  
21 production processes.

22 (2) Scientific literature on the subject, and a characterization of  
23 information resources readily available to consumers.

24 (3) Issues related to domestic and international marketing of  
25 biotechnology foods such as the handling, processing,  
26 manufacturing, distribution, labeling, and marketing of these  
27 products.

28 (4) Potential benefits and impacts to human health, the state's  
29 economy, and the environment accruing from food biotechnology.

30 (5) Existing federal and state evaluation and oversight  
31 procedures.

32 (e) The task force shall report issues studied, findings, basis for  
33 their findings, and recommendations to the Governor and the  
34 Legislature by January 1, 2003.

35 (f) An initial sum of one hundred twenty-five thousand dollars  
36 (\$125,000) is hereby appropriated from the General Fund for  
37 disbursement to the ~~California~~ Department of Food and  
38 Agriculture. It is the intent of the Legislature to make further funds  
39 available to accomplish the purposes contained in this article.



1 *SEC. 12. Section 705 of the Food and Agricultural Code is*  
2 *amended to read:*

3 705. All state agencies, including, but not limited to, the  
4 ~~California State World Trade Commission, Trade and Commerce~~  
5 ~~Agency~~, Department of Finance, and the Employment  
6 Development Department shall cooperate with the director in the  
7 compilation of pertinent statistical data and shall respond to  
8 requests by the director for information in a timely manner.

9 *SEC. 13. Section 78486 of the Food and Agricultural Code is*  
10 *amended to read:*

11 78486. One nonvoting member of the council may be  
12 appointed by the secretary to represent each of the following  
13 entities:

- 14 (a) The department.
- 15 (b) The Department of Fish and Game.
- 16 (c) The California Sea Grant Program.
- 17 (d) ~~The Trade and Commerce Agency.~~
- 18 (e) ~~The State Department of Health Services.~~

19 *SEC. 14. Section 7076 of the Government Code is amended to*  
20 *read:*

21 7076. (a) (1) The department shall provide technical  
22 assistance to the enterprise zones designated pursuant to this  
23 chapter with respect to all of the following activities:

- 24 (A) Furnish limited onsite assistance to the enterprise zones  
25 when appropriate.
  - 26 (B) Ensure that the locality has developed a method to make  
27 residents, businesses, and neighborhood organizations aware of  
28 the opportunities to participate in the program.
  - 29 (C) Help the locality develop a marketing program for the  
30 enterprise zone.
  - 31 (D) Coordinate activities of other state agencies regarding the  
32 enterprise zones.
  - 33 (E) Monitor the progress of the program.
  - 34 (F) Help businesses to participate in the program.
- 35 (2) Notwithstanding existing law, the provision of services in  
36 subparagraphs (A) to (F), inclusive, shall be a high priority of the  
37 department.

38 (3) The department may, at its discretion, undertake other  
39 activities in providing management and technical assistance for  
40 successful implementation of this chapter.



1 (b) The applicant shall be required to begin implementation of  
2 the enterprise zone plan contained in the final application within  
3 six months after notification of final designation or the enterprise  
4 zone shall lose its designation.

5 (c) *The department may establish, charge, and collect a fee as*  
6 *reimbursement for the costs of its administration of this chapter.*  
7 *The department shall assess each enterprise zone a fee of not more*  
8 *than ten dollars (\$10) for each application it accepts for issuance*  
9 *of a certificate pursuant to subdivision (c) of Section 17053.74 of*  
10 *the Revenue and Taxation Code and subdivision (c) of Section*  
11 *23622.7 of the Revenue and Taxation Code. The enterprise zone*  
12 *administrator may collect this fee at the time it accepts an*  
13 *application for issuance of a certificate. This subdivision shall*  
14 *become inoperative on July 1, 2006, and shall have no force or*  
15 *effect on or after that date.*

16 (d) *Any fee assessed and collected pursuant to subdivision (c)*  
17 *shall be refundable if the certificate issued by the local government*  
18 *pursuant to subdivision (c) of Section 17053.74 of the Revenue and*  
19 *Taxation Code and subdivision (c) of Section 23622.7 of the*  
20 *Revenue and Taxation Code is not accepted by the Franchise Tax*  
21 *Board.*

22 *SEC. 15. Section 7086 of the Government Code is amended to*  
23 *read:*

24 7086. (a) The department shall design, develop, and make  
25 available the applications and the criteria for selection of  
26 enterprise zones pursuant to Section 7073, and shall adopt all  
27 regulations necessary to carry out this chapter.

28 (b) The department shall adopt regulations concerning the  
29 designation procedures and application process as emergency  
30 regulations in accordance with Chapter 3.5 (commencing with  
31 Section 11340) of Part 1 of Division 3 of Title 2. The adoption of  
32 the regulations shall be deemed to be an emergency and necessary  
33 for the immediate preservation of the public peace, health and  
34 safety, or general welfare, notwithstanding subdivision (e) of  
35 Section 11346.1. Notwithstanding subdivision (e) of Section  
36 11346.1, the regulations shall not remain in effect more than 120  
37 days unless the department complies with all provisions of Chapter  
38 3.5 as required by subdivision (e) of Section 11346.1.

39 (c) The Department of General Services, with the cooperation  
40 of the Employment Development Department, the Department of



1 Industrial Relations, and the Office of Planning and Research, and  
2 under the direction of the State and Consumer Services Agency,  
3 shall adopt appropriate rules, regulations, and guidelines to  
4 implement Section 7084.

5 *(d) The department shall adopt regulations governing the*  
6 *imposition and collection of fees pursuant to subdivisions (c) and*  
7 *(d) of Section 7076, and the issuance of certificates by local*  
8 *governments pursuant to subdivision (c) of Section 17053.74 of the*  
9 *Revenue and Taxation Code and subdivision (c) of Section 23622.7*  
10 *of the Revenue and Taxation Code. The regulations shall provide*  
11 *for a notice or invoice to fee payers as to the amount and purpose*  
12 *of the fee. The adoption of the regulations shall be deemed to be*  
13 *an emergency and necessary for the immediate preservation of the*  
14 *public peace, health and safety, or general welfare.*  
15 *Notwithstanding subdivision (e) of Section 11346.1, the*  
16 *regulations shall remain in effect for no more than 360 days unless*  
17 *the agency complies with all the provisions of Chapter 3.5*  
18 *(commencing with Section 11340) of Part 1 of Division 3 of Title*  
19 *2 as required by subdivision (e) of Section 11346.1.*

20 SEC. 16. Section 8684 of the Government Code is repealed.

21 8684. — (a) It is the intent of the Legislature:

22 (1) ~~To provide the Governor with appropriate emergency~~  
23 ~~powers in order to enable utilization of available emergency~~  
24 ~~funding to provide guarantees for short-term, low-interest loans to~~  
25 ~~be made by commercial lending institutions, in connection with~~  
26 ~~relief provided for the northern California earthquake of October~~  
27 ~~17, 1989, and incidents subsequent thereto, and resulting~~  
28 ~~therefrom, in the affected area during the period of earthquake~~  
29 ~~relief, for the purpose of supplying interim financing to enable~~  
30 ~~small businesses to continue operations pending receipt of federal~~  
31 ~~disaster assistance.~~

32 (2) ~~That the Governor should utilize this authority to prevent~~  
33 ~~business insolvencies and loss of employment in the area affected~~  
34 ~~by the northern California earthquake of October 17, 1989.~~

35 (b) ~~In addition to the allocations authorized by Section 8683,~~  
36 ~~the Governor may allocate funds made available for the purposes~~  
37 ~~of this chapter, in connection with relief provided for the northern~~  
38 ~~California earthquake of October 17, 1989, and incidents~~  
39 ~~subsequent thereto, and resulting therefrom, in the affected area~~  
40 ~~during the period of earthquake relief, to the Small Business~~



1 Expansion Fund for use by the Office of Small Business, pursuant  
2 to Chapter 1 (commencing with Section 14000) of Part 5 of  
3 Division 3 of Title 1 of the Corporations Code, to make allocations  
4 of funds to small business development corporations as follows:  
5 (1) To provide guarantees for short-term low-interest loans to  
6 be made by commercial lending institutions for the purpose of  
7 providing interim financing to enable small businesses that have  
8 suffered actual physical damage or significant economic losses, as  
9 a result of the disaster for which funding under this section is made  
10 available, to continue or resume operations pending receipt of  
11 loans made or guaranteed by the federal Small Business  
12 Administration. The maximum amount of any loan guarantee  
13 funded under this section shall not exceed one hundred fifty  
14 thousand dollars (\$150,000). The loan guarantee shall not exceed  
15 95 percent of the loan amount, except that the loan guarantees may  
16 be for 100 percent of the loan amount if the applicant can  
17 demonstrate that access to business records pertinent to the loan  
18 application has been precluded by official action prohibiting  
19 necessary reentry into the affected business premises. The term of  
20 the loan shall be determined by the financial institution providing  
21 the loan or shall be made payable on the date the proceeds of a loan  
22 made or guaranteed by the federal Small Business Administration  
23 with respect to the same damage or loss are made available to the  
24 borrower, whichever first occurs. The maximum term of the loan  
25 guarantee shall be not more than 12 months except as provided in  
26 this section. Loan guarantees for which the initial 12-month term  
27 has expired and for which an application for disaster assistance  
28 funding from the federal Small Business Administration is still  
29 pending may be extended until the time that the Small Business  
30 Administration has reached a final decision on the application.  
31 Agricultural loans and loan guarantees for loans that have been  
32 denied funding by the federal Small Business Administration, may  
33 be extended by the financial institution providing the loan is for no  
34 longer than a maximum of seven years, if the business  
35 demonstrates the ability to repay the loan with an extended loan  
36 term, and a new credit analysis is provided. All loans extended  
37 under this provision shall be repaid in installments of principal and  
38 interest, and be fully amortized over the term of the loan. Nothing  
39 in this section shall preclude the lender from charging reasonable  
40 administrative fees in connection with the loan.



1 ~~(2) To provide guarantees for short-term low-interest loans, as~~  
2 ~~provided in Chapter 1 (commencing with Section 14000) of Part~~  
3 ~~5 of Division 3 of Title 1 of the Corporations Code, for small farms,~~  
4 ~~nurseries, and agriculture-related enterprises that have suffered~~  
5 ~~actual physical damage or significant economic injury as a result~~  
6 ~~of the northern California earthquake of October 17, 1989, or its~~  
7 ~~subsequent aftershocks, but that are types of businesses that are~~  
8 ~~ineligible for loans or loan guarantees of the federal Small~~  
9 ~~Business Administration or Farmers Home Administration~~  
10 ~~provided in connection with that disaster. Loan guarantees funded~~  
11 ~~pursuant to this section shall not exceed one hundred fifty~~  
12 ~~thousand dollars (\$150,000) and shall (A) be extended only to~~  
13 ~~those individuals or entities that are unable to obtain credit~~  
14 ~~elsewhere, (B) are intending to continue in the same business~~  
15 ~~enterprise, (C) do not exceed 80 percent of production losses and~~  
16 ~~100 percent of structural losses, and (D) do not exceed 95 percent~~  
17 ~~of the loan amount. The maximum term of the loan guarantee shall~~  
18 ~~be not more than seven years. To the extent possible the terms of~~  
19 ~~the loan guarantees, including requirements respecting the terms~~  
20 ~~of the underlying loans, shall be consistent with loan-guarantee~~  
21 ~~assistance provided to nonagricultural businesses in response to~~  
22 ~~that disaster by the federal Small Business Administration.~~

23 ~~(e) Allocations pursuant to this section shall, for purposes of all~~  
24 ~~provisions of law, be deemed to be for extraordinary emergency~~  
25 ~~or disaster response operation costs incurred by the Office of Small~~  
26 ~~Business.~~

27 *SEC. 17. Section 8684.2 of the Government Code is amended*  
28 *to read:*

29 8684.2. (a) It is the intent of the Legislature:

30 (1) To provide the Governor with appropriate emergency  
31 powers in order to enable utilization of available emergency  
32 funding to provide guarantees for interim loans to be made by  
33 lending institutions, in connection with relief provided for those  
34 persons affected by disasters or a state of emergency in affected  
35 areas during periods of disaster relief assistance, for the purpose  
36 of supplying interim financing to enable small businesses to  
37 continue operations pending receipt of federal disaster assistance.

38 (2) That the Governor should utilize this authority to prevent  
39 business insolvencies and loss of employment in areas affected by  
40 these disasters.



1 (b) In addition to the allocations authorized by Section 8683  
2 and the loan guarantee provisions of Section 14030.1 of the  
3 Corporations Code, the Governor may allocate funds made  
4 available for the purposes of this chapter, in connection with relief  
5 provided, in affected areas during the period of federal disaster  
6 relief, to the Small Business Expansion Fund for use by the Office  
7 of Small Business, pursuant to Chapter 1 (commencing with  
8 Section 14000) of Part 5 of Division 3 of Title 1 of the  
9 Corporations Code, to provide guarantees for low-interest interim  
10 loans to be made by lending institutions for the purpose of  
11 providing interim financing to enable small businesses that have  
12 suffered actual physical damage or significant economic losses, as  
13 a result of the disaster or state of emergency for which funding  
14 under this section is made available, to continue or resume  
15 operations pending receipt of loans made or guaranteed by the  
16 federal Small Business Administration. The maximum amount of  
17 any loan guarantee funded under this paragraph shall not exceed  
18 two hundred thousand dollars (\$200,000). Each loan guarantee  
19 shall not exceed 95 percent of the loan amount, except that a loan  
20 guarantee may be for 100 percent of the loan amount if the  
21 applicant can demonstrate that access to business records pertinent  
22 to the loan application has been precluded by official action  
23 prohibiting necessary reentry into the affected business premises  
24 or that those business records pertinent to the loan application have  
25 been destroyed. The term of the loan shall be determined by the  
26 lending institution providing the loan or shall be made payable on  
27 the date the proceeds of a loan made or guaranteed by the federal  
28 Small Business Administration with respect to the same damage  
29 or loss are made available to the borrower, whichever event first  
30 occurs.

31 (c) Loan guarantees for which the initial 12-month term has  
32 expired and for which an application for disaster assistance  
33 funding from the federal Small Business Administration is still  
34 pending may be extended until the Small Business Administration  
35 has reached a final decision on the application. Applications for  
36 interim loans shall be processed in an expeditious manner.  
37 Wherever possible, lending institutions shall fund  
38 nonconstruction loans within 60 calendar days of application.  
39 Loan guarantees for loans that have been denied funding by the  
40 federal Small Business Administration, may be extended by the



1 financial institution provided that the loan is for no longer than a  
2 maximum of seven years, if the business demonstrates the ability  
3 to repay the loan with an extended loan term, and a new credit  
4 analysis is provided. All loans extended under this provision shall  
5 be repaid in installments of principal and interest, and be fully  
6 amortized over the term of the loan. Nothing in this section shall  
7 preclude the lender from charging reasonable administrative fees  
8 in connection with the loan.

9 (d) Allocations pursuant to this section shall, for purposes of all  
10 provisions of law, be deemed to be for extraordinary emergency  
11 or disaster response operation costs, as provided in Section 8690.6,  
12 incurred by ~~the Office of Small Business~~ *state employees assigned*  
13 *to work on the financial development corporation program.*

14 (e) ~~The Technology, Trade, and Commerce~~ *Business,*  
15 *Transportation and Housing Agency* may adopt regulations to  
16 implement the loan guarantee program authorized by this section.  
17 The agency may adopt these regulations as emergency regulations  
18 in accordance with Chapter 3.5 (commencing with Section 11340)  
19 of Part 1 of Division 3, and for purposes of that chapter, including  
20 Section 11349.6, the adoption of the regulations shall be  
21 considered by the Office of Administrative Law to be necessary  
22 for the immediate preservation of the public peace, health and  
23 safety, and general welfare. Notwithstanding subdivision (e) of  
24 Section 11346.1, the regulations shall be repealed within 180 days  
25 after their effective date unless the agency complies with Chapter  
26 3.5 (commencing with Section 11340) of Part 1 of Division 3, as  
27 provided in subdivision (e) of Section 11346.1.

28 (f) Within 60 days of the conclusion of the period for  
29 guaranteeing loans under any small business disaster loan  
30 guarantee program conducted for a disaster as authorized by  
31 Section 8684.2, or Section 14075 of the Corporations Code, the  
32 agency shall provide a report to the Legislature on loan guarantees  
33 approved and rejected by gender, ethnic group, type of business  
34 and location, and each participating loan institution.

35 *SEC. 18. Section 8899.12 of the Government Code is*  
36 *amended to read:*

37 8899.12. (a) Participants in the EREC shall be selected by the  
38 Seismic Safety Commission in collaboration with the California  
39 Council on Science and Technology; *and* the Division of Mines  
40 and Geology in the Department of Conservation, ~~and the Office of~~



1 ~~Competitive Technology in the Trade and Commerce Agency.~~  
2 EREC participants shall include, but not be limited to,  
3 representatives from all of the following:

- 4 (1) Research universities.
- 5 (2) Major professional organizations.
- 6 (3) State agencies.
- 7 (4) Federal agencies.
- 8 (5) Private industry.

9 (b) The organization and management of the EREC shall be the  
10 responsibility of the Seismic Safety Commission, in collaboration  
11 with the California Council on Science and Technology; *and* the  
12 Division of Mines and Geology, ~~and the Office of Competitive~~  
13 ~~Technology.~~

14 *SEC. 19. Section 8899.16 of the Government Code is*  
15 *repealed.*

16 ~~8899.16. (a) In order to expedite the development of~~  
17 ~~emerging technologies and to encourage rapid technology~~  
18 ~~transfer, grant awards shall be made to not more than five~~  
19 ~~California companies to conduct feasibility studies that will~~  
20 ~~evaluate new, innovative technologies to improve the~~  
21 ~~understanding of impending earthquakes and their effects.~~

22 ~~(b) The Office of Competitive Technology in the Trade and~~  
23 ~~Commerce Agency shall implement this section with the advice of~~  
24 ~~the Division of Mines and Geology in the Department of~~  
25 ~~Conservation.~~

26 ~~(c) The Legislature may fund additional studies in accordance~~  
27 ~~with the five-year earthquake research plan developed pursuant to~~  
28 ~~Section 8899.15.~~

29 ~~(d) This section shall be implemented only to the extent that~~  
30 ~~funds are available for its implementation.~~

31 *SEC. 20. Section 8899.21 of the Government Code is*  
32 *repealed.*

33 ~~8899.21. (a) For the purpose of expediting the development~~  
34 ~~of emerging technologies and encouraging rapid technology~~  
35 ~~transfer, not more than five grant awards shall be made for the~~  
36 ~~1991-92 fiscal year to commercialize technologies that will~~  
37 ~~predict earthquakes or mitigate their impact. Grant awards may be~~  
38 ~~made to public, nonprofit, not for profit, or private entities.~~

39 ~~(b) The Office of Competitive Technology in the Trade and~~  
40 ~~Commerce Agency shall implement this section with the advice of~~



1 ~~the Division of Mines and Geology in the Department of~~  
2 ~~Conservation and the Seismic Safety Commission. The~~  
3 ~~competitive technology advisory committee shall also advise the~~  
4 ~~Office of Competitive Technology in implementing this section.~~

5 ~~(e) Within 90 days of the effective date of this section, the~~  
6 ~~Office of Competitive Technology shall issue a solicitation,~~  
7 ~~pursuant to regulation, inviting project proposals to be submitted~~  
8 ~~no later than 120 days from the date of the request for proposal of~~  
9 ~~solicitation.~~

10 ~~(d) A project shall at least do the following:~~

11 ~~(1) Lead to the commercialization of technologies that will~~  
12 ~~predict earthquakes or mitigate their impact.~~

13 ~~(2) Include significant matching contributions from a~~  
14 ~~California company.~~

15 ~~(3) Meet any other requirements that the department~~  
16 ~~determines are consistent with the purposes of this section.~~

17 ~~(e) The Office of Competitive Technology shall evaluate~~  
18 ~~project proposals which shall at least include a peer review and an~~  
19 ~~oral review. The Secretary of Trade and Commerce upon~~  
20 ~~recommendation from the Office of Competitive Technology,~~  
21 ~~shall select projects for funding which best achieve the purposes~~  
22 ~~of this section.~~

23 ~~(f) A grantee shall submit quarterly progress reports and~~  
24 ~~participate in oral project reviews during the term of the grant.~~

25 ~~(g) Projects shall be eligible for additional grant funds only~~  
26 ~~upon successful project performance and the availability of~~  
27 ~~additional earthquake research development program funds.~~

28 ~~(h) The Trade and Commerce Agency may adopt regulations~~  
29 ~~to implement the grant program authorized by this section. The~~  
30 ~~Trade and Commerce Agency shall adopt these regulations as~~  
31 ~~emergency regulations in accordance with Chapter 3.5~~  
32 ~~(commencing with Section 11340) of Part 1, and for purposes of~~  
33 ~~that chapter, including Section 11349.6, the adoption of the~~  
34 ~~regulations shall be considered by the Office of Administrative~~  
35 ~~Law to be necessary for the immediate preservation of the public~~  
36 ~~peace, health and safety, and general welfare. Notwithstanding~~  
37 ~~subdivision (e) of Section 11346.1, the regulations shall be~~  
38 ~~repealed within 180 days after their effective date, unless the Trade~~  
39 ~~and Commerce Agency complies with Chapter 3.5 (commencing~~  
40 ~~with Section 11340) of Part 1 as provided in subdivision (e) of~~



1 ~~Section 11346.1. Upon issuing the request for proposal, the office~~  
2 ~~shall publish this fact along with the deadline for grant proposals~~  
3 ~~in the newspapers with the greatest circulation in the major cities~~  
4 ~~in the state, as determined by the office. Upon issuing the request~~  
5 ~~for proposal, the office shall also transmit this information to the~~  
6 ~~Secretary of the Senate and the Chief Clerk of the Assembly for~~  
7 ~~publication in the journals of each house of the Legislature. The~~  
8 ~~request for proposal shall contain a clear description of the criteria~~  
9 ~~to be used to select the projects that are to receive funding pursuant~~  
10 ~~to this chapter.~~

11 *SEC. 21. Section 11008.2 is added to the Government Code,*  
12 *to read:*

13 *11008.2. Any regulation, order, or other action, adopted,*  
14 *prescribed, taken, or performed by the former Technology, Trade,*  
15 *and Commerce Agency as it existed on December 31, 2003,*  
16 *including any office, division, board, or subdivision of the agency*  
17 *or by an official of the agency in the administration of a program*  
18 *or the performance of a duty, responsibility, or authorization*  
19 *transferred to another state department or agency, shall remain in*  
20 *effect and shall be deemed to be a regulation, order, or action of*  
21 *the agency or department to which the responsibility was*  
22 *transferred.*

23 *SEC. 22. Section 11008.5 is added to the Government Code,*  
24 *to read:*

25 *11008.5. Any program administered in part or whole by the*  
26 *Technology, Trade, and Commerce Agency prior to January 1,*  
27 *2004, pursuant to an interagency agreement with another state*  
28 *department or agency shall be the responsibility of the other party*  
29 *or parties to that interagency agreement.*

30 *SEC. 23. Section 11347.6 of the Government Code is*  
31 *repealed.*

32 ~~11347.6. Each state agency that adopts regulations shall, in~~  
33 ~~the final statement of reasons, separately identify comments made~~  
34 ~~by the Office of Small Business Advocate and the Technology,~~  
35 ~~Trade, and Commerce Agency pursuant to subdivision (e) of~~  
36 ~~Section 15363.6 and respond to each and every comment made by~~  
37 ~~that office or agency directed at the proposed action or at the~~  
38 ~~procedures followed by the agency in proposing or adopting the~~  
39 ~~action, including providing a basis for why those comments were~~  
40 ~~rejected, if applicable.~~



1 SEC. 24. Section 14041 of the Government Code is amended  
2 to read:

3 14041. (a) The Alameda Corridor Transportation Authority  
4 is encouraged to coordinate with local private industry councils in  
5 service delivery areas to develop training programs and  
6 employment opportunities under the federal Job Training  
7 Partnership Act (29 U.S.C. Sec. 1501 et seq.) directly related to the  
8 Alameda Corridor project and to pursue other appropriate  
9 employment and training funding sources.

10 (b) ~~The Trade and Commerce Agency, in conjunction with the~~  
11 ~~Office of Permit Assistance, shall provide assistance, using~~  
12 ~~existing resources, to the Alameda Corridor Transportation~~  
13 ~~Authority by doing all of the following:~~

14 (1) ~~Identifying all permits, licenses, agreements, and other~~  
15 ~~approvals necessary for the project.~~

16 (2) ~~Developing a schedule for acting on state and local permits,~~  
17 ~~licenses, agreements, and other approvals. The schedule shall be~~  
18 ~~consistent with the Permit Reform Act of 1981 (Chapter 3~~  
19 ~~commencing with Section 15374) of Part 6.7 of Division 2 of~~  
20 ~~Title 3) and the so-called Permit Streamlining Act (Chapter 4.5~~  
21 ~~commencing with Section 65920) of Division 1 of Title 7).~~

22 (3) ~~Developing a memorandum of agreement for consideration~~  
23 ~~and action on permits, licenses, agreements, and other approvals~~  
24 ~~by affected state agencies.~~

25 (4) ~~Developing a memorandum of agreement for consideration~~  
26 ~~and action on permits, licenses, agreements, and other approvals~~  
27 ~~by affected local agencies.~~

28 SEC. 25. Section 14998.3 of the Government Code is  
29 amended to read:

30 14998.3. (a) The commission shall submit a list of  
31 recommended candidates for the position of Director of the Film  
32 ~~Office Commission~~ to the Governor for consideration. The  
33 Governor shall appoint the director.

34 (b) The Director of the Film ~~Office Commission~~ shall receive  
35 a salary to be determined by the Department of Personnel  
36 Administration.

37 (c) The secretary, or his or her designee, shall act as the director  
38 during the absence from the state or other temporary absence,  
39 disability, or unavailability of the director, or during a vacancy in  
40 that position.



1 SEC. 26. Section 14998.4 of the Government Code is  
2 amended to read:

3 14998.4. (a) The commission shall meet at least quarterly  
4 and shall select a chairperson and a vice chairperson from among  
5 its members. The vice chairperson shall act as chairperson in the  
6 chairperson's absence.

7 (b) Each commission member shall serve without  
8 compensation but shall be reimbursed for traveling outside the  
9 county in which he or she resides to attend meetings.

10 (c) The commission shall work to encourage motion picture  
11 and television filming in California and to that end, shall exercise  
12 all of the powers provided in this chapter.

13 (d) The commission shall make recommendations to the  
14 Legislature, the Governor, the Business, Transportation and  
15 Housing Agency, and other state agencies on legislative or  
16 administrative actions that may be necessary or helpful to maintain  
17 and improve the position of the state's motion picture industry in  
18 the national and world markets.

19 (e) In addition, *subject to the provision of funding appropriated*  
20 *for these purposes*, the commission shall do all of the following:

21 (1) Adopt guidelines for a standardized permit to be used by  
22 state agencies and the director.

23 (2) Approve or modify the marketing and promotion plan  
24 developed by the director pursuant to subdivision (d) of Section  
25 14998.9 to promote filmmaking in the state.

26 (3) Conduct workshops and trade shows.

27 (4) Provide expertise in promotional activities.

28 (5) Hold hearings.

29 (6) Adopt its own operational rules and procedures.

30 (7) Counsel the Legislature and the Governor on issues relating  
31 to the motion picture industry.

32 SEC. 27. Section 14998.6 of the Government Code is  
33 amended to read:

34 ~~14998.6. The director and staff of the Film Office, of the~~  
35 *commission* shall provide staff support to the California Film  
36 Commission. When needed, the secretary may assign additional  
37 staff on a temporary or permanent basis.

38 SEC. 28. Section 14998.7 of the Government Code is  
39 amended to read:



1 14998.7. Any funds appropriated to, or for use by, the  
2 California Film Commission ~~or to the agency~~ for purposes of this  
3 chapter, shall be under the control of the secretary or his or her  
4 designee.

5 *SEC. 29. Section 14998.8 of the Government Code is*  
6 *amended to read:*

7 14998.8. (a) ~~The Director of the Film Office~~ *director of the*  
8 *commission* shall be the permitting authority for the use of  
9 state-owned property and state employee services for the purpose  
10 of making commercial motion pictures. The commission may  
11 establish fees not to exceed the actual cost of the affected state  
12 agency for this purpose. All fees collected pursuant to this section  
13 shall be deposited in the Film Transfer Account, which is hereby  
14 created in the Special Deposit Fund, for disbursement by the  
15 director to reimburse the operating departments for their actual  
16 costs.

17 (b) ~~The Director of the Film Office~~ *director* shall assure a  
18 “one-stop” permit process for applications for permission to use  
19 state-owned property for motion pictures. In so doing,  
20 applications for permission to use state property for making  
21 motion pictures shall be made to the director of the commission  
22 who, promptly upon receipt of such an application, shall contact  
23 the state agency having jurisdiction over the property specified in  
24 the application for the concurrence of the agency in the use of  
25 property. The denial of an application may be made on the basis  
26 of any of the following:

27 (1) The use would unduly interfere with the conduct of state  
28 business.

29 (2) Failure of the permittee to provide full insurance or bond  
30 coverage, if required by the Department of General Services, or  
31 the affected agency, sufficient to reimburse the state for any  
32 user-caused damage to the property and to provide adequate  
33 personal liability insurance coverage.

34 The use of state property shall be denied, if it is determined that  
35 the use would violate or be in conflict with existing provisions of  
36 statute or regulation by the director of the department, agency, or  
37 commission responding to a permit request.

38 (c) Any state agency having management and control over state  
39 property, the use of which is sought by an application, shall permit



1 the property to be used, unless otherwise denied by the provisions  
2 of this section.

3 (d) Nothing in this section requires a state agency to take any  
4 action not authorized by law or to make any decision in a manner  
5 or by a method not authorized by law or which is prohibited by law.

6 (e) If in connection with the use of roads, highways, and  
7 freeways, the assistance, control, or protection by California  
8 Highway Patrol officers is desired, applications to the director to  
9 utilize services of California Highway Patrol officers in the  
10 production of motion pictures shall be made directly to the  
11 Commissioner of the California Highway Patrol. The  
12 commissioner may approve the application if employees are  
13 available and the agency is fully reimbursed for additional costs  
14 incurred. Applications to utilize California Highway Patrol  
15 employee services shall be approved or disapproved by the  
16 commissioner.

17 (f) ~~The Director of the Film Office~~ *director*, whenever feasible,  
18 shall approve or deny any application within 24 hours. In the event  
19 that the director of the department or agency having jurisdiction  
20 over the property specified in the application permit takes no  
21 action to disapprove the application within five working days, the  
22 application shall be deemed approved by the director. If the  
23 director of the department or agency determines that he or she is  
24 unable to concur or deny an application within five working days  
25 and so notifies the director within five working days of the  
26 application, the director shall then have a total of 10 days from  
27 receipt of the application to deny the application. In the event no  
28 action is taken by the director within the 10-day period, the  
29 application shall be deemed approved by the director.

30 (g) At least 30 days prior to adoption of state regulations, rules,  
31 written guidelines, or policies that would have clear, explicit, and  
32 definite implications for the production of motion pictures on  
33 state-owned property by a state agency, including any of that  
34 agency's district or regional offices, other than for immediate  
35 health and safety purposes, the agency shall submit a written copy  
36 to the ~~Director of the Film Office~~ *director*. The commission shall  
37 review the proposal and report its findings to the submitting  
38 agency within five working days of receipt of the materials sent.  
39 The submitting agency shall consider the commission's findings  
40 prior to final adoption of the regulations, rules, written guidelines,



1 or policies, unless the commission's findings are not made  
2 available to the submitting agency within the above prescribed  
3 time limits. Any and all findings made by the commission pursuant  
4 to this section shall be advisory. The submitting agency shall  
5 provide the commission with a final written copy of its adopted  
6 regulations, rules, written guidelines, or policies.

7 *SEC. 30. Section 14998.9 of the Government Code is*  
8 *amended to read:*

9 14998.9. ~~The Director of the Film Office~~ *director of the*  
10 *commission* shall prepare and implement a program to promote the  
11 production of motion pictures and still photography for the benefit  
12 of the state's economy.

13 ~~The~~  
14 *Subject to the provision of funding appropriated for these*  
15 *purposes, the program shall do, but shall not be limited to doing,*  
16 *all of the following:*

17 (a) Administer a one-stop permit office, pursuant to  
18 subdivision (b) of Section 14998.8, which shall issue permits for  
19 the use of state property for filmmaking.

20 (b) Implement the guidelines or regulations for a standardized  
21 permit procedure for all state agencies pursuant to guidelines  
22 adopted by the commission under Section 14998.4.

23 (c) Update and expand the location resource library.

24 (d) Produce and implement a marketing and promotion plan for  
25 filmmaking in California which shall be subject to the approval of  
26 the commission. The purpose of the plan shall be to design a  
27 program for the preparation and distribution of appropriate  
28 promotional and informational materials pointing out desirable  
29 locations within the state for the production of motion pictures,  
30 explaining the benefits and advantages of producing motion  
31 pictures within the state government, as well as those services  
32 available at the local level and within the industry.

33 (e) Conduct workshops to assist local governments to adopt  
34 uniform permit procedures and to establish film development  
35 offices.

36 (f) Request and obtain any information from state entities  
37 necessary to carry out the purposes of this section.

38 (g) Accept grant moneys for the purpose of implementing this  
39 section.



1 (h) Accept gifts and donations for the purpose of implementing  
2 this section.

3 *SEC. 31. Section 15710 of the Government Code is amended*  
4 *to read:*

5 15710. (a) Upon the effective date of the repeal of Chapter  
6 8.5 (commencing with Section 15399.10), all money remaining in  
7 the Petroleum Underground Storage Tank Financing Account and  
8 all subsequent loan repayments shall revert to the ~~Underground~~  
9 ~~Storage Tank Cleanup Fund in the General Fund, except that the~~  
10 ~~interest earnings specified in former Section 15399.20, as that~~  
11 ~~section read on the date that it was repealed, that are necessary to~~  
12 ~~support the administrative costs associated with the collection of~~  
13 ~~outstanding loan amounts, shall remain with the Petroleum~~  
14 ~~Underground Storage Tank Financing Account and may be~~  
15 ~~expended by the State Water Resources Control Board for those~~  
16 ~~costs.~~

17 (b) The inoperation and repeal of Chapter 8.5 (commencing  
18 with Section 15399.10) shall not terminate the following  
19 obligations or authorities necessary to administer the obligations  
20 until all of the following obligations are satisfied:

21 (1) The payment of claims filed prior to the date that Chapter  
22 8.5 (commencing with Section 15399.10) becomes inoperative,  
23 against the Underground Storage Tank Cleanup Fund pursuant to  
24 Chapter 6.75 (commencing with Section 25299.10) of Division 20  
25 of the Health and Safety Code, until the money in the fund is  
26 exhausted. Upon exhaustion of the Underground Storage Tank  
27 Cleanup Fund, any remaining claims shall be invalid.

28 (2) The repayment of loans, outstanding as of the date that  
29 Chapter 8.5 (commencing with Section 15399.10) becomes  
30 inoperative, due and payable to the State Water Resources Control  
31 Board under the terms of that former chapter.

32 (3) The resolution of any cost recovery action filed prior to the  
33 date that Chapter 8.5 (commencing with Section 15399.10)  
34 becomes inoperative, pursuant to Chapter 6.75 (commencing with  
35 Section 25299.10) of Division 20 of the Health and Safety Code.

36 *SEC. 33. Section 63024 of the Government Code is amended*  
37 *to read:*

38 63024. The executive director may contract with the  
39 ~~Business, Transportation and Housing Agency, the Department of~~  
40 Finance, the State Department of Health Services, the Department



1 of Transportation, the Department of Water Resources, the  
2 California Integrated Waste Management Board, the State Water  
3 Resources Control Board, the Governor’s Office of Planning and  
4 Research, and any other necessary agencies, persons, or firms to  
5 enable the agency to properly perform the duties imposed by this  
6 division.

7 *SEC. 34. Section 65040.9 of the Government Code is*  
8 *amended to read:*

9 65040.9. (a) On or before January 1, 2004, the Office of  
10 Planning and Research shall, if sufficient federal funds become  
11 available for this purpose, prepare and publish an advisory  
12 planning handbook for use by local officials, planners, and  
13 builders that explains how to reduce land use conflicts between the  
14 effects of civilian development and military readiness activities  
15 carried out on military installations, military operating areas,  
16 military training areas, military training routes, and military  
17 airspace, and other territory adjacent to those installations and  
18 areas.

19 (b) At a minimum, the advisory planning handbook shall  
20 include advice regarding all of the following:

- 21 (1) The collection and preparation of data and analysis.
- 22 (2) The preparation and adoption of goals, policies, and  
23 standards.
- 24 (3) The adoption and monitoring of feasible implementation  
25 measures.
- 26 (4) Methods to resolve conflicts between civilian and military  
27 land uses and activities.
- 28 (5) Recommendations for cities and counties to provide drafts  
29 of general plan and zoning changes that may directly impact  
30 military facilities, and opportunities to consult with the military  
31 base personnel prior to approving development adjacent to  
32 military facilities.

33 (c) In preparing the advisory planning handbook, the office  
34 shall collaborate with the Office of Military Base Retention and  
35 ~~Reuse within the Trade, Technology, and Commerce Agency and~~  
36 *the Business, Transportation and Housing Agency*. The office shall  
37 consult with persons and organizations with knowledge and  
38 experience in land use issues affecting military installations and  
39 activities.



1 (d) The office may accept and expend any grants and gifts from  
2 any source, public or private, for the purposes of this section.

3 *SEC. 35. Section 65040.12 of the Government Code is*  
4 *amended to read:*

5 65040.12. (a) The office shall be the coordinating agency in  
6 state government for environmental justice programs.

7 (b) The director shall do all of the following:

8 (1) Consult with the Secretaries of the California  
9 Environmental Protection Agency, the Resources Agency, ~~the~~  
10 ~~Trade and Commerce Agency,~~ and the Business, Transportation  
11 and Housing Agency, the Working Group on Environmental  
12 Justice established pursuant to Section 72002 of the Public  
13 Resources Code, any other appropriate state agencies, and all other  
14 interested members of the public and private sectors in this state.

15 (2) Coordinate the office’s efforts and share information  
16 regarding environmental justice programs with the Council on  
17 Environmental Quality, the United States Environmental  
18 Protection Agency, the General Accounting Office, the Office of  
19 Management and Budget, and other federal agencies.

20 (3) Review and evaluate any information from federal agencies  
21 that is obtained as a result of their respective regulatory activities  
22 under federal Executive Order 12898, and from the Working  
23 Group on Environmental Justice established pursuant to Section  
24 72002 of the Public Resources Code.

25 (c) When it adopts its next edition of the general plan guidelines  
26 pursuant to Section 65040.2, but in no case later than July 1, 2003,  
27 the office shall include guidelines for addressing environmental  
28 justice matters in city and county general plans. The office shall  
29 hold at least one public hearing prior to the release of any draft  
30 guidelines, and at least one public hearing after the release of the  
31 draft guidelines. The hearings may be held at the regular meetings  
32 of the Planning Advisory and Assistance Council.

33 (d) The guidelines developed by the office pursuant to  
34 subdivision (c) shall recommend provisions for general plans to do  
35 all of the following:

36 (1) Propose methods for planning for the equitable distribution  
37 of new public facilities and services that increase and enhance  
38 community quality of life throughout the community, given the  
39 fiscal and legal constraints that restrict the siting of these facilities.



1 (2) Propose methods for providing for the location, if any, of  
2 industrial facilities and uses that, even with the best available  
3 technology, will contain or produce material that, because of its  
4 quantity, concentration, or physical or chemical characteristics,  
5 poses a significant hazard to human health and safety, in a manner  
6 that seeks to avoid over-concentrating these uses in proximity to  
7 schools or residential dwellings.

8 (3) Propose methods for providing for the location of new  
9 schools and residential dwellings in a manner that seeks to avoid  
10 locating these uses in proximity to industrial facilities and uses that  
11 will contain or produce material that because of its quantity,  
12 concentration, or physical or chemical characteristics, poses a  
13 significant hazard to human health and safety.

14 (4) Propose methods for promoting more livable communities  
15 by expanding opportunities for transit-oriented development so  
16 that residents minimize traffic and pollution impacts from  
17 traveling for purposes of work, shopping, schools, and recreation.

18 (e) For the purposes of this section, “environmental justice”  
19 means the fair treatment of people of all races, cultures, and  
20 incomes with respect to the development, adoption,  
21 implementation, and enforcement of environmental laws,  
22 regulations, and policies.

23 *SEC. 36. Section 66031 of the Government Code is amended*  
24 *to read:*

25 66031. (a) Notwithstanding any other provision of law, any  
26 action brought in the superior court relating to any of the following  
27 subjects may be subject to a mediation proceeding conducted  
28 pursuant to this chapter:

29 (1) The approval or denial by a public agency of any  
30 development project.

31 (2) Any act or decision of a public agency made pursuant to the  
32 California Environmental Quality Act (Division 13 (commencing  
33 with Section 21000) of the Public Resources Code).

34 (3) The failure of a public agency to meet the time limits  
35 specified in Chapter 4.5 (commencing with Section 65920),  
36 commonly known as the Permit Streamlining Act, or in the  
37 Subdivision Map Act (Division 2 (commencing with Section  
38 66410)).

39 (4) Fees determined pursuant to Sections 53080 to 53082,  
40 inclusive, or Chapter 4.9 (commencing with Section 65995).



1 (5) Fees determined pursuant to Chapter 5 (commencing with  
2 Section 66000).

3 (6) The adequacy of a general plan or specific plan adopted  
4 pursuant to Chapter 3 (commencing with Section 65100).

5 (7) The validity of any sphere of influence, urban service area,  
6 change of organization or reorganization, or any other decision  
7 made pursuant to the Cortese-Knox-Hertzberg Local Government  
8 Reorganization Act of 2000 (Division 3 (commencing with  
9 Section 56000) of Title 5).

10 (8) The adoption or amendment of a redevelopment plan  
11 pursuant to the Community Redevelopment Law (Part 1  
12 (commencing with Section 33000) of Division 24 of the Health  
13 and Safety Code).

14 (9) The validity of any zoning decision made pursuant to  
15 Chapter 4 (commencing with Section 65800).

16 (10) The validity of any decision made pursuant to Article 3.5  
17 (commencing with Section 21670) of Chapter 4 of Part 1 of  
18 Division 9 of the Public Utilities Code.

19 (b) Within five days after the deadline for the respondent or  
20 defendant to file its reply to an action, the court may invite the  
21 parties to consider resolving their dispute by selecting a mutually  
22 acceptable person to serve as a mediator, or an organization or  
23 agency to provide a mediator.

24 (c) In selecting a person to serve as a mediator, or an  
25 organization or agency to provide a mediator, the parties shall  
26 consider the following:

27 (1) The council of governments having jurisdiction in the  
28 county where the dispute arose.

29 (2) Any subregional or countywide council of governments in  
30 the county where the dispute arose.

31 ~~(3) The Office of Permit Assistance within the Trade and  
32 Commerce Agency, pursuant to its authority in Article 1  
33 (commencing with Section 15399.50) of Chapter 11 of Part 6.7 of  
34 Division 3 of Title 2.~~

35 ~~(4) Any other person with experience or training in mediation  
36 including those with experience in land use issues, or any other  
37 organization or agency which that can provide a person with  
38 experience or training in mediation, including those with  
39 experience in land use issues.~~



1 (d) If the court invites the parties to consider mediation, the  
2 parties shall notify the court within 30 days if they have selected  
3 a mutually acceptable person to serve as a mediator. If the parties  
4 have not selected a mediator within 30 days, the action shall  
5 proceed. The court shall not draw any implication, favorable or  
6 otherwise, from the refusal by a party to accept the invitation by  
7 the court to consider mediation. Nothing in this section shall  
8 preclude the parties from using mediation at any other time while  
9 the action is pending.

10 *SEC. 37. Section 66036 of the Government Code is repealed.*

11 ~~66036. By January 1, 2001, the Office of Permit Assistance  
12 within the Trade and Commerce Agency, in cooperation with the  
13 Judicial Council, shall report to the Legislature regarding the  
14 implementation of this chapter. The office shall consult with  
15 persons and interest groups with knowledge of the mediation  
16 process, and affected public agencies, including, but not limited to,  
17 councils of governments. The report may recommend the  
18 extension of the chapter, changes to the chapter, or the repeal of the  
19 chapter.~~

20 *SEC. 38. Section 91550 of the Government Code is amended*  
21 *to read:*

22 91550. There is in state government the California Industrial  
23 Development Financing Advisory Commission, consisting of five  
24 members, as follows:

- 25 (a) The Treasurer, who shall serve as chairperson.
- 26 (b) The Controller.
- 27 (c) The Director of Finance.
- 28 (d) The Secretary of ~~the Trade and Commerce Agency~~  
29 *Business, Transportation and Housing.*
- 30 (e) The Commissioner of Corporations.

31 Members of the commission may each designate a deputy or  
32 employee in his or her agency to act for him or her at all meetings  
33 of the commission. The first meeting shall be convened by the  
34 Treasurer.

35 *SEC. 39. Section 11998.1 of the Health and Safety Code is*  
36 *amended to read:*

37 11998.1. It is the intent of the Legislature that the following  
38 long-term five-year goals be achieved:

- 39 (a) With regard to education and prevention of drug and alcohol  
40 abuse programs, the following goals:



- 1 (1) Drug and alcohol abuse education has been included within  
2 the mandatory curriculum in kindergarten and grades 1 to 12,  
3 inclusive, in every public school in California.
- 4 (2) Basic training on how to recognize, and understand what to  
5 do about, drug and alcohol abuse has been provided to  
6 administrators and all teachers of kindergarten and grades 1 to 12,  
7 inclusive.
- 8 (3) All school counselors and school nurses have received  
9 comprehensive drug and alcohol abuse training.
- 10 (4) Each school district with kindergarten and grades 1 to 12,  
11 inclusive, has appointed a drug and alcohol abuse advisory team  
12 of school administrators, teachers, counselors, students, parents,  
13 community representatives, and health care professionals, all of  
14 whom have expertise in drug and alcohol abuse prevention. The  
15 team coordinates with and receives consultation from the county  
16 alcohol and drug program administrators.
- 17 (5) Every school board member has received basic drug and  
18 alcohol abuse information.
- 19 (6) Each school district has a drug and alcohol abuse specialist  
20 to assist the individual schools.
- 21 (7) Each school in grades 7 to 12, inclusive, has student peer  
22 group drug and alcohol abuse programs.
- 23 (8) Every school district with kindergarten and grades 1 to 12,  
24 inclusive, has updated written drug and alcohol abuse policies and  
25 procedures including disciplinary procedures which will be given  
26 to every school employee, every student, and every parent.
- 27 (9) The California State University and the University of  
28 California have evaluated and, if feasible, established educational  
29 programs and degrees in the area of drug and alcohol abuse.
- 30 (10) Every school district with kindergarten and grades 1 to 12,  
31 inclusive, has an established parent teachers group with drug and  
32 alcohol abuse prevention goals.
- 33 (11) Every school district has instituted a drug and alcohol  
34 abuse education program for parents.
- 35 (12) Drug and alcohol abuse training has been imposed as a  
36 condition for teacher credentialing and license renewal, and  
37 knowledge on the issue is measured on the California Basic  
38 Education Skills Test.



1 (13) Drug and alcohol abuse knowledge has been established  
2 as a component on standardized competency tests as a requirement  
3 for graduation.

4 (14) Every school district has established a parent support  
5 group.

6 (15) Every school district has instituted policies that address  
7 the special needs of children who have been rehabilitated for drug  
8 or alcohol abuse problems and who are reentering school. These  
9 policies shall consider the loss of schooltime, the loss of academic  
10 credits, and the sociological problems associated with drug and  
11 alcohol abuse, its rehabilitation, and the educational delay it  
12 causes.

13 (16) The number of drug and alcohol abuse related incidents on  
14 school grounds has decreased by 20 percent.

15 (b) With regard to community programs, the following goals:

16 (1) Every community-based social service organization that  
17 receives state and local financial assistance has drug and alcohol  
18 abuse information available for clients.

19 (2) All neighborhood watch, business watch, and community  
20 conflict resolution programs have included drug and alcohol abuse  
21 prevention efforts.

22 (3) All community-based programs that serve schoolaged  
23 children have staff trained in drug and alcohol abuse and give a  
24 clear, drug- and alcohol-free message.

25 (c) With regard to drug and alcohol abuse programs of the  
26 media, the following goals:

27 (1) The state has established a comprehensive media campaign  
28 that involves all facets of the drug and alcohol abuse problem,  
29 including treatment, education, prevention, and intervention that  
30 will result in increasing the public's knowledge and awareness of  
31 the detrimental effects of alcohol and drug use, reducing the use  
32 of alcohol and drugs, and increasing healthy lifestyle choices.

33 (2) The department on a statewide basis, and the county board  
34 of supervisors or its designees at the local level, have:

35 (A) Assisted the entertainment industry in identifying ways to  
36 use the entertainment industry effectively to encourage lifestyles  
37 free of substance abuse.

38 (B) Assisted the manufacturers of drug and alcohol products in  
39 identifying ways to use product advertising effectively to  
40 discourage substance abuse.



1 (C) Assisted television stations in identifying ways to use  
2 television programming effectively to encourage lifestyles free of  
3 substance abuse.

4 (3) A statewide cooperative fundraising program with  
5 recording artists and the entertainment industry has been  
6 encouraged to fund drug and alcohol abuse prevention efforts in  
7 the state.

8 (d) With regard to drug and alcohol abuse health care  
9 programs, the following goals:

10 (1) The number of drug and alcohol abuse-related medical  
11 emergencies has decreased by 4 percent per year.

12 (2) All general acute care hospitals and AIDS medical service  
13 providers have provided information to their patients on drug and  
14 alcohol abuse.

15 (3) The Medical Board of California, the Psychology  
16 Examining Committee, the Board of Registered Nursing, and the  
17 Board of Behavioral Science Examiners have developed and  
18 implemented the guidelines or regulations requiring drug and  
19 alcohol abuse training for their licensees, and have developed  
20 methods of providing training for those professionals.

21 (e) With regard to private sector drug and alcohol abuse  
22 programs, the following goals:

23 (1) A significant percentage of businesses in the private sector  
24 have developed personnel policies that discourage drug and  
25 alcohol abuse and encourage supervision, training, and employee  
26 education.

27 (2) Noteworthy and publicly recognized figures and private  
28 industry have been encouraged to sponsor fundraising events for  
29 drug and alcohol abuse prevention.

30 (3) Every public or private athletic team has been encouraged  
31 to establish policies forbidding drug and alcohol abuse.

32 (4) The private sector has established personnel policies that  
33 discourage drug and alcohol abuse but encourage treatment for  
34 those employees who require this assistance.

35 (f) With regard to local government drug and alcohol abuse  
36 programs, the following goals:

37 (1) Every county has a five-year master plan to eliminate drug  
38 and alcohol abuse developed jointly by the county-designated  
39 alcohol and drug program administrators, reviewed jointly by the  
40 advisory boards set forth in paragraph (2), and approved by the



1 board of supervisors. For those counties in which the alcohol and  
2 drug programs are jointly administered, the administrator shall  
3 develop the five-year master plan. To the degree possible, all  
4 existing local plans relating to drug or alcohol abuse shall be  
5 incorporated into the master plan.

6 (2) Every county has an advisory board on alcohol problems  
7 and an advisory board on drug programs. The membership of these  
8 advisory boards is representative of the county's population and is  
9 geographically balanced. To the maximum extent possible the  
10 county advisory board on alcohol problems and the county  
11 advisory board on drug programs will have representatives of the  
12 following:

13 (A) Law enforcement.

14 (B) Education.

15 (C) The treatment and recovery community, including a  
16 representative with expertise in AIDS treatment services.

17 (D) Judiciary.

18 (E) Students.

19 (F) Parents.

20 (G) Private industry.

21 (H) Other community organizations involved in drug and  
22 alcohol services.

23 (I) A representative of organized labor responsible for the  
24 provision of Employee Assistance Program services.

25 If any of these areas is not represented on the advisory bodies,  
26 the administrator designated in paragraph (1) shall solicit input  
27 from a representative of the nonrepresented area prior to the  
28 development of a master plan pursuant to paragraph (1).

29 (3) Every county public social service agency has established  
30 policies that discourage drug and alcohol abuse and encourage  
31 treatment and recovery services when necessary.

32 (4) Every local unit of government has an employee assistance  
33 program that addresses drug and alcohol abuse problems.

34 (5) Every local unit of government has considered the potential  
35 for drug and alcohol abuse problems when developing zoning  
36 ordinances and issuing conditional use permits.

37 (6) Every county master plan includes treatment and recovery  
38 services.



1 (6.5) Every county master plan includes specialized provisions  
2 to ensure optimum alcohol and drug abuse service delivery for  
3 handicapped and disabled persons.

4 (7) Every local unit of government has been encouraged to  
5 establish an employee assistance program that includes the  
6 treatment of drug and alcohol abuse-related programs.

7 (8) Every local governmental social service provider has  
8 established a referral system under which clients with drug and  
9 alcohol abuse problems can be referred for treatment.

10 (9) Every county drug and alcohol abuse treatment or recovery  
11 program that serves women gives priority for services to pregnant  
12 women.

13 (10) Every alcohol and drug abuse program provides acquired  
14 immune deficiency syndrome (AIDS) information to all program  
15 participants.

16 (g) With regard to state and federal government drug and  
17 alcohol abuse programs, the following goals:

18 (1) The Department of Alcoholic Beverage Control has  
19 informed all alcohol retailers of the laws governing liquor sales  
20 and has provided training available to all personnel selling  
21 alcoholic beverages, on identifying and handling minors  
22 attempting to purchase alcohol.

23 (2) The Office of ~~Criminal Justice Planning~~ *Emergency*  
24 *Services* has required all applicants for crime prevention and  
25 juvenile justice and delinquency prevention funds to include drug  
26 and alcohol abuse prevention efforts in their programs.

27 (3) All county applications for direct or indirect drug and  
28 alcohol services funding from the department include a prevention  
29 component.

30 (4) The Superintendent of Public Instruction has employed  
31 drug and alcohol abuse school prevention specialists and assisted  
32 school districts with the implementation of prevention programs.

33 (5) The State Department of Mental Health has staff trained in  
34 drug and alcohol abuse prevention who can assist local mental  
35 health programs with prevention efforts.

36 (6) The Department of the California Highway Patrol, as  
37 permitted by the United States Constitution, has established  
38 routine statewide sobriety checkpoints for driving while under the  
39 influence.



1 (7) The Department of Corrections and the Department of the  
2 Youth Authority have provided drug and alcohol abuse education  
3 and prevention services for all inmates, wards, and parolees. Both  
4 departments have provided drug and alcohol abuse treatment  
5 services for any inmate, ward, or parolee determined to be in need  
6 of these services, or who personally requests these services.

7 (8) The Department of Motor Vehicles has distributed  
8 prevention materials with each driver's license or certificate of  
9 renewal and each vehicle registration renewal mailed by the  
10 Department of Motor Vehicles.

11 (9) Federal prevention programs have been encouraged to  
12 follow the master plan.

13 (10) State licensing and program regulations for drug and  
14 alcohol abuse treatment programs have been consolidated and  
15 administered by one state agency.

16 (11) State treatment funding priorities have been included to  
17 specially recognize the multiple diagnosed client who would be  
18 eligible for services from more than one state agency.

19 (12) Every state agency has formalized employee assistance  
20 programs that include the treatment of drug and alcohol  
21 abuse-related problems.

22 (13) The state master plan includes specialized provisions to  
23 ensure optimum drug and alcohol abuse service delivery for  
24 handicapped and disabled persons.

25 ~~(14) The Trade and Commerce Agency, in coordination with~~  
26 ~~private industry, encourages the creation of employee alcohol and~~  
27 ~~drug abuse prevention programs in the workplace or provides~~  
28 ~~information to employees on treatment or recovery programs that~~  
29 ~~are available to them.~~

30 (h) With regard to private sector direct service providers, the  
31 following goals:

32 (1) Drinking drivers programs have provided clear  
33 measurements of successful completion of the program to the  
34 courts for each court-ordered client.

35 (2) Sufficient drug and alcohol treatment and recovery services  
36 exist throughout the state to meet all clients' immediate and  
37 long-range needs.

38 (3) Each county to the extent possible provides localized  
39 alcohol and drug treatment and recovery services designed for  
40 individuals seeking assistance for polydrug abuse.



1 (4) Adequate nonresidential and residential services are  
2 available statewide for juveniles in need of alcohol or drug abuse  
3 services.

4 (5) Each provider of alcohol or drug services has been certified  
5 by the state.

6 (6) Drug and alcohol abuse treatment providers provide  
7 general acquired immune deficiency syndrome (AIDS)  
8 information during treatment.

9 (i) With regard to supply regulation and reduction in  
10 conjunction with drug and alcohol abuse, the following goals:

11 (1) The California National Guard supports federal, state, and  
12 local drug enforcement agencies in counternarcotic operations as  
13 permitted by applicable laws and regulations.

14 (2) Each county has a drug and alcohol abuse enforcement  
15 team, designated by the board of supervisors. This team includes  
16 all components of the criminal justice system. This team shall be  
17 responsible to the board of supervisors, shall coordinate with the  
18 drug and alcohol abuse advisory board and the county on all  
19 criminal justice matters relating to drug and alcohol abuse, and  
20 shall coordinate, and actively participate, with the county alcohol  
21 and drug program administrators throughout the development and  
22 implementation of the five-year master plan.

23 (3) The Office of ~~Criminal Justice Planning~~ *Emergency*  
24 *Services*, the Youth and Adult Correctional Agency, the  
25 Department of the California Highway Patrol, the Office of Traffic  
26 Safety, and the Department of Justice have established a state level  
27 drug and alcohol abuse enforcement team that includes  
28 representatives from all facets of criminal justice. The lead agency  
29 for the enforcement team has been designated by the Governor.  
30 This team advises the state and assists the local teams.

31 (4) The Office of ~~Criminal Justice Planning~~ *Emergency*  
32 *Services*, the Youth and Adult Correctional Agency, and the  
33 Department of Justice have, as a priority when determining  
34 training subjects, prevention seminars on drug and alcohol abuse.  
35 The Commission on Peace Officer Standards and Training has, as  
36 a priority when determining training subjects, drug and alcohol  
37 enforcement.

38 (5) The Department of the California Highway Patrol, as  
39 permitted by the United States Constitution, will in conjunction



1 with establishing sobriety checkpoints statewide, assist local law  
2 enforcement agencies with the establishment of local programs.

3 (6) Counties with more than 10 superior court judgeships have  
4 established programs under which drug cases receive swift  
5 prosecution by well-trained prosecutors before judges who are  
6 experienced in the handling of drug cases.

7 (7) The courts, when determining bail eligibility and the  
8 amount of bail for persons suspected of a crime involving a  
9 controlled substance, shall consider the quantity of the substance  
10 involved when measuring the danger to society if the suspect is  
11 released.

12 (8) Drunk driving jails have been established that provide  
13 offender education and treatment during incarceration.

14 (9) All probation and parole officers have received drug and  
15 alcohol abuse training, including particular training on drug  
16 recognition.

17 (10) All parolees and persons on probation with a criminal  
18 history that involves drug or alcohol abuse have conditions of  
19 parole or probation that prohibit drug and alcohol abuse.

20 (11) The Judicial Council has provided training on drug and  
21 alcohol abuse for the judges.

22 (12) The courts, when sentencing offenders convicted of  
23 selling drugs, consider “street value” of the drugs involved in the  
24 underlying crime.

25 (13) Judges have been encouraged to include drug and alcohol  
26 abuse treatment and prevention services in sentences for all  
27 offenders. Judges are requiring, as a condition of sentencing, drug  
28 and alcohol abuse education and treatment services for all persons  
29 convicted of driving under the influence of alcohol or drugs.

30 (14) Juvenile halls and jails provide clients with information on  
31 drug and alcohol abuse.

32 (15) The estimated number of clandestine labs operating in  
33 California has decreased by 10 percent per year.

34 (16) Each local law enforcement agency has developed, with  
35 the schools, protocol on responding to school drug and alcohol  
36 abuse problems.

37 (17) Every county has instituted a mandatory driving while  
38 under the influence presence offender evaluation program.

39 *SEC. 40. Section 18949.6 of the Health and Safety Code is*  
40 *amended to read:*



1 18949.6. (a) The commission shall adopt regulations setting  
2 forth the procedure for the adoption of building standards and  
3 administrative regulations that apply directly to the  
4 implementation or enforcement of building standards.

5 (b) Regulatory adoption shall be accomplished so as to  
6 facilitate the triennial adoption of the specified model codes  
7 pursuant to Section 18928.

8 (c) The regulations shall allow for the distribution of proposed  
9 building standards and regulatory changes to the public for review  
10 in compliance with the requirements of the rulemaking provisions  
11 of the Administrative Procedure Act (Chapter 3.5 (commencing  
12 with Section 11340) of Part 1 of Division 3 of Title 2 of the  
13 Government Code) and for the acceptance of responses from the  
14 public.

15 ~~(d) With regard to proposed residential building standards, the  
16 Trade and Commerce Agency shall provide, if requested by the  
17 commission, an economic review of the housing cost impact  
18 statement or related study submitted by the code change proponent  
19 pursuant to Section 11346.5 of the Government Code.~~

20 *SEC. 41. Section 25395.20 of the Health and Safety Code is*  
21 *amended to read:*

22 25395.20. (a) For purposes of this article, the following  
23 definitions shall apply:

24 (1) “Account” means the Cleanup Loans and Environmental  
25 Assistance to Neighborhoods Account established pursuant to  
26 subdivision (b).

27 (2) (A) “Brownfield” means property that meets all of the  
28 following conditions:

- 29 (i) It is located in an urban area.
- 30 (ii) It was previously the site of an economic activity that is no  
31 longer in operation at that location.
- 32 (iii) It has been vacant or has had no occupant engaged in  
33 year-round economically productive activities for a period of not  
34 less than the 12 months previous to the date of application for a  
35 loan pursuant to this article.

36 (B) “Brownfield” does not include any of the following:

- 37 (i) Property listed, or proposed for listing, on the National  
38 Priorities List pursuant to the federal act (42 U.S.C. Sec. 9605  
39 (a)(8)(B)).



1 (ii) Property that is, or was, owned or operated by a department,  
2 agency, or instrumentality of the United States.

3 (iii) Property that will be the site of a contiguous expansion or  
4 improvement of an operating industrial or commercial facility,  
5 unless the property is a brownfield described in subparagraph (C)  
6 of paragraph (6).

7 (3) “Cleanup and abatement order” means an order issued by  
8 a regional board pursuant to Section 13304 of the Water Code.

9 (4) “Cleanup Loans and Environmental Assistance to  
10 Neighborhoods Program” or “CLEAN” means the loan program  
11 established by the department pursuant to Section 25395.22, to  
12 finance the performance of actions necessary to respond to the  
13 release or threatened release of hazardous material on an eligible  
14 property.

15 (5) “Economic activity” means a governmental activity, a  
16 commercial, agricultural, industrial, or not-for-profit enterprise,  
17 or other economic or business concern.

18 (6) “Eligible property” means a site that is any of the  
19 following:

20 (A) A brownfield.

21 (B) An underutilized property that is any of the following:

22 (i) A property described in clause (v) of subparagraph (D) of  
23 paragraph (16).

24 (ii) A property located in an enterprise zone established  
25 pursuant to the Enterprise Zone Act (Chapter 12.8 (commencing  
26 with Section 7070) of Division 7 of Title 1 of the Government  
27 Code), in a project area for which a redevelopment plan has been  
28 approved pursuant to Article 4 (commencing with Section 33300)  
29 of Chapter 4 of Part 1 of Division 24, or in an eligible area, as  
30 determined ~~by the Technology, Trade, and Commerce Agency~~  
31 pursuant to paragraph (2) of subdivision (c) of Section 7072 of the  
32 Government Code.

33 (iii) A property, the redevelopment of which will result in any  
34 of the following:

35 (I) An increase in the number of full-time jobs that is at least  
36 100 percent greater than the number of jobs provided by the  
37 economic activity located on the property before redevelopment  
38 occurred.



1 (II) An increase in property taxes paid to the local government  
2 that is at least 100 percent greater than the property taxes paid by  
3 the property owner before redevelopment occurred.

4 (III) Sales tax revenues to the local government that are  
5 sufficient to defray the costs of providing municipal services to the  
6 property after the redevelopment occurs.

7 (IV) Housing for very low, low-, or moderate-income  
8 households, as defined in paragraph (2) of subdivision (h) of  
9 Section 65589.5 of the Government Code.

10 (V) The construction of new or expanded school facilities,  
11 public day care centers, parks, or community recreational  
12 facilities.

13 (C) A brownfield or an underutilized property described in  
14 clause (ii) of subparagraph (B) that will be the site of a contiguous  
15 expansion of an operating industrial or commercial facility owned  
16 or operated by one of the following:

17 (i) A small business.

18 (ii) A nonprofit corporation formed under the Nonprofit Public  
19 Benefit Corporation Law (Part 2 (commencing with Section 5110)  
20 of Division 2 of Title 1 of the Corporations Code) or the Nonprofit  
21 Religious Corporation Law (Part 4 (commencing with Section  
22 9110) of Division 2 of Title 1 of the Corporations Code).

23 (iii) A small business incubator that is undertaking the  
24 expansion with the assistance of a grant authorized by Section  
25 15339.3 of the Government Code or a loan guarantee provided  
26 pursuant to Section 14090 of the Corporations Code.

27 (7) “Eligible property” does not include any of the following:

28 (A) Property listed or proposed for listing on the National  
29 Priorities List pursuant to the federal act (42 U.S.C. Sec. 9605  
30 (a)(8)(B)).

31 (B) Property that is, or was, owned or operated by a  
32 department, agency, or instrumentality of the United States.

33 (C) Property that will be the site of a contiguous expansion or  
34 improvement of an operating industrial or commercial facility,  
35 unless the property meets the criteria specified in subparagraph (C)  
36 of paragraph (6).

37 (8) (A) “Hazardous material” means a substance or waste  
38 that, because of its physical, chemical, or other characteristics,  
39 may pose a risk of endangering human health or safety or of



1 degrading the environment. “Hazardous material” includes, but  
2 is not limited to, all of the following:

3 (i) A hazardous substance, as defined in Section 25281 or  
4 25316, including the substances specified in Section 25317.

5 (ii) A hazardous waste, as defined in Section 25117.

6 (iii) A waste, as defined in Section 101075, or as defined in  
7 Section 13050 of the Water Code.

8 (B) “Hazardous material” does not include undisturbed  
9 naturally occurring hazardous material unless it will adversely  
10 affect the reasonable use of a property after response action is  
11 completed.

12 (9) “Implementation costs,” for purposes of the expenditure of  
13 any funds pursuant to this article, includes, but is not limited to, the  
14 costs of overseeing and reviewing preliminary endangerment  
15 assessments and response actions that are financed by a loan issued  
16 pursuant to this article, including oversight conducted by a  
17 regional board pursuant to Section 25395.28.

18 (10) “Investigating site contamination program” means the  
19 loan program established by the department pursuant to Section  
20 25395.21 to conduct a preliminary endangerment assessment of a  
21 brownfield or an underutilized urban property.

22 (11) “Leaking underground fuel tank” has the same meaning  
23 as “tank,” as defined in Section 25299.24.

24 (12) “No longer in operation” means an economic activity that  
25 is, or previously was, located on a property that is not conducting  
26 operations on the property of the type usually associated with the  
27 economic activity.

28 (13) “Project” means any response action, and the planned  
29 future development, included in an application for a loan pursuant  
30 to Section 25395.22.

31 (14) “Property” means real property, as defined in Section 658  
32 of the Civil Code.

33 (15) “Small business” means an independently owned and  
34 operated business, that is not dominant in its field of operation,  
35 that, together with affiliates, has 100 or fewer employees, and that  
36 has average annual gross receipts of ten million dollars  
37 (\$10,000,000) or less over the previous three years, or a business  
38 that is a manufacturer, as defined in Section 14837 of the  
39 Government Code, with 100 or fewer employees.



- 1 (16) “Underutilized property” means property that meets all of  
2 the following conditions:
- 3 (A) It is located in an urban area.
  - 4 (B) An economic activity is conducted on the property.
  - 5 (C) It is the subject of a proposal for development pursuant to  
6 this article.
  - 7 (D) One of the following applies:
    - 8 (i) The economic activity on the property is irregular or  
9 intermittent in nature and uses the property for productive  
10 purposes less than four months in any calendar year.
    - 11 (ii) The economic activity on the property employs less than 25  
12 percent of the property for productive purposes.
    - 13 (iii) The structures, infrastructure, and other facilities on the  
14 property are antiquated, obsolete, or in such poor repair that they  
15 cannot be used for the purposes for which they were originally  
16 constructed and require replacement in order to implement the  
17 redevelopment proposal.
    - 18 (iv) The economic activity conducted on the property is a  
19 parking facility or an activity that offers a similar marginal  
20 economic service and the facility or activity will be replaced when  
21 the property is redeveloped.
    - 22 (v) The property is adjacent to one or more brownfields or  
23 underutilized properties that are the subject of a project under this  
24 article and its inclusion in the project is necessary in order to ensure  
25 that the redevelopment of the brownfield or brownfields or  
26 underutilized property or underutilized properties occurs.
  - 27 (E) An underutilized property does not include any of the  
28 following:
    - 29 (i) Property listed or proposed for listing on the National  
30 Priorities List pursuant to the federal act (42 U.S.C. Sec. 9605  
31 (a)(8)(B)).
    - 32 (ii) Property that is, or was, owned or operated by a department,  
33 agency, or instrumentality of the United States.
    - 34 (iii) Property that will be the site of a contiguous expansion or  
35 improvement of an operating industrial or commercial facility,  
36 unless the property is an underutilized property described in  
37 subparagraph (C) of paragraph (6).
  - 38 (17) “Regional board” means a California regional water  
39 quality control board.



1 (18) “State board” means the State Water Resources Control  
2 Board.

3 (19) “Urban area” means either of the following:

4 (A) The central portion of a city or a group of contiguous cities  
5 with a population of 50,000 or more, together with adjacent  
6 densely populated areas having a population density of at least  
7 1,000 persons per square mile.

8 (B) An urbanized area as defined in paragraph (2) of  
9 subdivision (b) of Section 21080.7 of the Public Resources Code.

10 (b) The Cleanup Loans and Environmental Assistance to  
11 Neighborhoods Account is hereby established in the General Fund  
12 to provide low-interest loans to qualified applicants for the  
13 purpose of funding preliminary endangerment assessments and  
14 response actions at brownfields and underutilized properties  
15 located in the state pursuant to this article, and for any other  
16 purpose determined by the department to stimulate the  
17 redevelopment of brownfields and underutilized properties, if the  
18 department determines that the redevelopment will result in the  
19 overall improvement of the community in which the property is  
20 located and will provide a reasonable economic or social benefit,  
21 in accordance with subdivision (c). All of the following moneys  
22 shall be deposited in the account:

23 (1) Funds appropriated by the Legislature for the purposes of  
24 this article.

25 (2) Notwithstanding Section 16475 of the Government Code,  
26 any interest earned upon money deposited into the account.

27 (3) Proceeds from loan repayments.

28 (4) Proceeds from the sale of property pursuant to this article  
29 that is the subject of foreclosure or its equivalent, as defined in  
30 subdivision (f) of Section 25548.1, and proceeds from the  
31 enforcement of any other security interest.

32 (c) (1) Except as provided in paragraph (2), notwithstanding  
33 Section 13340 of the Government Code, the money in the account  
34 is continuously appropriated without regard to fiscal years to the  
35 department for the purpose of providing loans pursuant to Sections  
36 25395.21 and 25395.22 and for the purpose of providing subsidies  
37 for environmental insurance pursuant to Article 8.7 (commencing  
38 with Section 25395.40), the California Financial Assurance and  
39 Insurance for Redevelopment Program.



1 (2) The money in the account may be expended by the  
2 department, a regional board, the state board, and the agency for  
3 the implementation and administration of this article and for  
4 implementation and administration of the California Financial  
5 Assurance and Insurance for Redevelopment Program (Article 7  
6 (commencing with Section 25395.40)), only upon appropriation  
7 by the Legislature in the annual Budget Act or in another measure.

8 *SEC. 42. Section 25395.23 of the Health and Safety Code is*  
9 *amended to read:*

10 25395.23. (a) The department, after consultation with the  
11 secretary, ~~the Secretary of the Trade and Commerce Agency,~~ the  
12 Secretary of ~~the~~ Business, Transportation and Housing ~~Agency,~~  
13 and the Director of the Office of Planning and Research, may  
14 approve loan applications submitted pursuant to Section  
15 25395.22. The department may approve a loan only for those  
16 response actions necessary to address a release or threatened  
17 release of a hazardous material at an eligible property.

18 (b) If the department determines, based on estimates of the  
19 number of loan requests that will be submitted in any fiscal year  
20 and the amount of loan funds that will be available during that  
21 fiscal year, that sufficient funding to meet the demand for loans  
22 will not be available, the department shall establish a system for  
23 ranking loan applications based on priority scores. Priority scores  
24 shall be calculated for each loan application by scoring the project  
25 that is the subject of the loan application using scales that measure  
26 the factors listed in subdivision (c). The department shall approve  
27 loans for a project based on its priority scores.

28 (c) The system for ranking loan applications pursuant to  
29 subdivision (b) shall establish priority scores for projects that are  
30 the subjects of the loan applications using scales that measure all  
31 of the following factors:

32 (1) The degree of community support expressed for the project,  
33 including, but not limited to, letters of support from local  
34 governmental entities, state or local elected officials, community  
35 leaders, and the general public.

36 (2) Financial support for the project provided at the local level,  
37 including grants or other subsidies, and funding provided by the  
38 issuance of bonds pursuant to the Mello-Roos Community  
39 Facilities Act of 1982 (Chapter 2.5 (commencing with Section  
40 53311) of Division 2 of Part 1 of Title 5 of the Government Code)



1 or financing under the Community Redevelopment Law (Part 1  
2 (commencing with Section 33000) of Division 24).

3 (3) The potential for the project to provide additional  
4 protection of the public health and safety.

5 (4) The potential for the project to enhance strategic  
6 community development, including, but not limited to, all of the  
7 following:

8 (A) The creation of new jobs.

9 (B) Generation of additional tax revenue.

10 (C) The likelihood that the project will stimulate additional  
11 redevelopment in adjacent areas.

12 (D) The degree to which implementation of the project will  
13 improve local property values.

14 (E) The degree to which implementation of the project will  
15 result in the development of new parks.

16 (F) The extent to which the project may have a beneficial effect  
17 on the construction of new schools.

18 (G) The extent to which the project will result in the  
19 construction of affordable inner-city housing.

20 (H) The potential for the project to have a beneficial impact on  
21 existing local and regional infrastructure or projected  
22 infrastructure needs, or otherwise promote infill development.

23 (5) The economic viability of the project, including, but not  
24 limited to, an analysis of the current value of the property as  
25 compared to its projected value after all necessary response actions  
26 have been completed.

27 (6) The ability of the loan applicant to successfully perform the  
28 response action at the site and repay the loan if funding is provided.

29 (7) The geographic location of the project, taking into  
30 consideration the number and amounts of loans approved for  
31 projects located in that area, as compared to those approved for  
32 other needy areas throughout the state.

33 (8) The degree of likelihood that the response action would not  
34 be completed if a loan pursuant to Section 25395.22 is not made,  
35 including whether any necessary response action is already being  
36 paid for by a responsible party pursuant to an administrative order,  
37 an agreement issued or entered into with a federal, state, or local  
38 agency, a judicial order, or a consent decree.

39 (9) The ability to obtain conventional financing absent a loan  
40 under this program.



1 SEC. 43. Section 25395.41 of the Health and Safety Code is  
2 amended to read:

3 25395.41. (a) The secretary shall solicit proposals for a  
4 package of environmental insurance products from insurance  
5 companies through a competitive bidding process. The request for  
6 proposal prepared by the secretary shall identify the objectives of  
7 this article and the specific types and coverage limits of the  
8 insurance products desired, including endorsements and  
9 exclusions. The request for proposal shall require that the proposal  
10 allow a purchaser the opportunity to pay for additional coverage  
11 without losing the lower transaction costs structure of the  
12 prenegotiated policy. The secretary shall hold at least one public  
13 workshop in both the northern and the southern part of the state to  
14 present and solicit comments on the request for proposal prior to  
15 receiving any proposals.

16 (b) (1) The secretary shall evaluate the extent to which each  
17 proposal submitted pursuant to subdivision (a) meets the  
18 objectives of the request for proposal and shall also evaluate each  
19 proposal and interested party using all of the following factors:

20 (A) Product pricing.

21 (B) Claims history.

22 (C) Underwriting history.

23 (D) Company financial strength and size.

24 (E) Scope of policy coverages, including endorsements and  
25 exclusions.

26 (F) Marketing and distribution of the insurance products.

27 (G) Any other factor that the secretary determines will affect  
28 the ability of the selected insurance company to meet the  
29 requirements of this article and provide the environmental  
30 insurance products in the most effective and efficient manner and  
31 at the least cost to the state and to persons seeking that insurance.

32 (2) The secretary shall select one or more insurance companies  
33 that have submitted a proposal pursuant to subdivision (a) to be the  
34 exclusive state-designated provider of environmental insurance  
35 under this article for a period of three years from the date of  
36 selection. The secretary shall select a company that, in his or her  
37 determination, has submitted a proposal that best meets the  
38 requirements of this article and the objectives stated in the request  
39 for proposal at the best possible price. Every three years, the



1 secretary shall repeat the competitive bidding process specified in  
2 this section.

3 (c) An insurance company selected to provide prenegotiated  
4 environmental insurance products pursuant to subdivision (b)  
5 shall offer this prenegotiated package of insurance products to any  
6 interested recipient of a loan under the CLEAN Program. The  
7 insurance company shall also offer the environmental insurance  
8 products made available under this article to any other person who  
9 conducts a response action in the state.

10 (d) The secretary shall implement this section in consultation  
11 with representatives of other appropriate state agencies, including  
12 the ~~Technology, Trade, and Commerce Agency, the Business,~~  
13 ~~Transportation and Housing Agency, the Office of Planning and~~  
14 ~~Research, the Pollution Control Financing Authority, the~~  
15 ~~Department of Insurance, the state board, the department, and with~~  
16 ~~other interested parties, including developers, lenders, insurers,~~  
17 ~~and representatives from environmental organizations. The~~  
18 ~~secretary shall implement this section in a manner that is consistent~~  
19 ~~with the requirements for state procurement of services set forth~~  
20 ~~in Article 4 (commencing with Section 10335) of Chapter 2 of Part~~  
21 ~~2 of Division 2 of the Public Contract Code.~~

22 *SEC. 44. Section 34053 of the Health and Safety Code is*  
23 *amended to read:*

24 34053. For the purpose of providing disaster relief to  
25 farmworkers in communities subject to a natural disaster, the  
26 department shall give priority to awarding grants in communities  
27 participating in the Special Housing Program for Migratory  
28 Workers (Chapter 8.5 (commencing with Section 50710) of Part  
29 2 of Division 33) ~~and the Trade and Commerce Agency shall give~~  
30 ~~priority to funding those purposes authorized by the Rural~~  
31 ~~Emergency Assistance Housing Infrastructure Program (Article 6~~  
32 ~~(commencing with Section 15373.96) of Chapter 2.5 of Part 6.7~~  
33 ~~of Division 3 of Title 2 of the Government Code).~~

34 *SEC. 45. Section 37981 of the Health and Safety Code is*  
35 *amended to read:*

36 37981. The Legislature finds and declares as follows:

37 (a) For over half a century, California's industries, universities,  
38 businesses, and workers have contributed to our nation's defense,  
39 utilizing their capital, talents, and skills to develop and bring to



1 production important new technologies and advanced weapons  
2 systems, aircraft, and missiles.

3 (b) Defense spending in California peaked at sixty billion  
4 dollars (\$60,000,000,000) in 1988. Since then, it has decreased by  
5 16 percent with the resulting loss of 126,000 jobs. The  
6 Commission on State Finance projected a further 22 percent  
7 reduction to thirty-seven billion dollars (\$37,000,000,000) in  
8 1997, with a loss of another 81,000 jobs. California is expected to  
9 experience the most severe impact of defense cuts since 1994.

10 (c) California has experienced four rounds of base closures  
11 resulting in the closure or realignment of 29 bases since 1988.  
12 Additional bases may be considered for closure in future closure  
13 rounds.

14 (d) California lost more federal payroll jobs from its 29  
15 military base closures under rounds one to four, inclusive, than all  
16 of the rest of the states put together. The reduced military payroll,  
17 including military and civilian employees, in California is  
18 approximately 101,000 jobs. About 300,000 private sector  
19 defense industry jobs in California have been lost.

20 (e) California needs a focused, coordinated defense retention  
21 and conversion program within the state in order to protect the  
22 existing defense installations and facilities within the state and to  
23 assist those communities that have experienced an installation's  
24 closing.

25 (f) Currently, there are over 300,000 active duty and civilian  
26 defense personnel in California.

27 (g) The direct Department of Defense expenditures in  
28 California are over thirty billion dollars (\$30,000,000,000) for  
29 employees, contracts, and capital investment.

30 (h) California has over 36 major and 25 minor active military  
31 installations.

32 (i) The Department of Defense pays ten million dollars  
33 (\$10,000,000) annually in fees, permits, and licenses within the  
34 state.

35 (j) Having been the leader in the nation's defense effort, the  
36 state must now also assume the role as leader in defending existing  
37 military installations within its borders. That role will require a  
38 coordinated effort to ensure that California promotes the necessity  
39 of existing defense facilities, assist local governments and  
40 organizations in planning retention efforts, and design and



1 implement a single unified plan for active defense retention efforts  
2 on the federal level.

3 (k) It is the intent of the Legislature that the state’s role in  
4 defense retention, conversion, and military base reuse be  
5 consolidated in the ~~Department of Housing and Community~~  
6 ~~Development~~ *Business, Transportation and Housing Agency*.

7 *SEC. 46. Section 37982 of the Health and Safety Code is*  
8 *amended to read:*

9 37982. The Legislature recognizes the potential for federal  
10 legislation to close additional military installations nationwide. In  
11 an effort to be proactive in retaining these facilities within  
12 California that are necessary for the defense of the nation and to  
13 provide for a single, focused defense of these installations, the  
14 California Defense Retention and Conversion Council is hereby  
15 created in the ~~Department of Housing and Community~~  
16 ~~Development~~ *Business, Transportation and Housing Agency*.

17 *SEC. 47. Section 37983 of the Health and Safety Code is*  
18 *amended to read:*

19 37983. The California Defense Retention and Conversion  
20 Council shall consist of the following members, who shall be  
21 appointed as follows:

22 (a) The Governor shall have 11 appointees, who may include,  
23 but are not limited to, the following:

24 (1) The ~~Director of Housing and Community Development~~  
25 *Secretary of Business, Transportation and Housing*, or his or her  
26 designee.

27 (2) The Secretary of Environmental Protection, or his or her  
28 designee.

29 (3) The Director of Employment Development, or his or her  
30 designee.

31 (4) The Director of Planning and Research, or his or her  
32 designee.

33 (5) The Director of the Energy Resources, Conservation and  
34 Development Commission, or his or her designee.

35 (6) The Director of Transportation, or his or her designee.

36 (7) The Director of the Employment Training Panel, or his or  
37 her designee.

38 (8) The Secretary of Resources, or his or her designee.



1 (9) A member who is an elected public official from local  
2 government representing a community with an active defense  
3 installation.

4 (10) A member who is an elected public official from local  
5 government representing a community with a closed defense  
6 installation.

7 (11) A public member selected at large.

8 (b) The Speaker of the Assembly shall have two appointees  
9 who may include, but are not limited to, members representing  
10 labor, business, or local government.

11 (c) The Senate Committee on Rules shall have two appointees  
12 who may include, but are not limited to, members representing  
13 labor, business, or local government.

14 (d) Nonvoting members, to consist of all of the following:

15 (1) At his or her option, the President of the University of  
16 California, or his or her designee.

17 (2) The Chancellor of the California State University, or his or  
18 her designee.

19 (3) The Chancellor of the California Community Colleges, or  
20 his or her designee.

21 (4) The Speaker of the Assembly, or his or her designee.

22 (5) The President pro Tempore of the Senate, or his or her  
23 designee.

24 (6) At the request of the Governor, a flag officer, or his or her  
25 designee, from each branch of the United States Armed Forces  
26 representing a mission or installation in California to serve as a  
27 liaison to the council.

28 *SEC. 48. Section 37984 of the Health and Safety Code is*  
29 *amended to read:*

30 37984. (a) The ~~Director of Housing and Community~~  
31 ~~Development~~ *Secretary of Business, Transportation and Housing*  
32 shall serve as chairperson of the council.

33 (b) The Office of Military Base Retention shall provide staff  
34 support to the council.

35 (c) It shall be the purpose of the council to provide a central  
36 clearinghouse for all defense retention, conversion, and base reuse  
37 activities in the state.

38 *SEC. 49. Section 35989 of the Health and Safety Code is*  
39 *amended and renumbered to read:*

40 35989.—



1 37989. The ~~Department of Housing and Community~~  
2 ~~Development~~ *Business, Transportation and Housing Agency* with  
3 input and assistance from the council, shall establish a Defense  
4 Retention Grant Program to grant funds to communities with  
5 military bases to assist them in developing a retention strategy. The  
6 agency may use grant criteria similar to those for existing defense  
7 conversion grant programs as a basis for developing the new grant  
8 program. To discourage multiple grant applications for individual  
9 defense installations in a region, the criteria shall be drafted to  
10 encourage a single application for grant funds to develop, where  
11 appropriate, a single, regional defense retention strategy. The  
12 structure, requirements, administration, and funding procedures  
13 of the grant program shall be submitted to the Legislature for  
14 review at least 90 days prior to making the first grant  
15 disbursement. The agency may make no grant award without the  
16 local community providing at least 50 percent or more in matching  
17 funds or in-kind services.

18 *SEC. 50. Section 35990 of the Health and Safety Code is*  
19 *amended and renumbered to read:*

20 ~~35990.—~~

21 37990. The ~~Department of Housing and Community~~  
22 ~~Development~~ *Business, Transportation and Housing Agency* shall  
23 adopt regulations to implement the programs authorized in this  
24 chapter. The agency shall adopt these regulations as emergency  
25 regulations in accordance with Chapter 3.5 (commencing with  
26 Section 11340) of Part 1 of Division 3 of Title 2 of the Government  
27 Code, and for purposes of that chapter, including Section 11349.6  
28 of the Government Code, the adoption of the regulations shall be  
29 considered by the Office of Administrative Law to be necessary  
30 for the immediate preservation of the public peace, health and  
31 safety, and general welfare. Notwithstanding subdivision (e) of  
32 Section 11346.1 of the Government Code, the regulations shall be  
33 repealed within 180 days after their effective date, unless the  
34 agency complies with Chapter 3.5 (commencing with Section  
35 11340) of Part 1 of Division 3 of Title 2 of the Government Code  
36 as provided in subdivision (e) of Section 11346.1 of the  
37 Government Code.

38 *SEC. 51. Section 39752 of the Health and Safety Code is*  
39 *amended to read:*



1 39752. The state board shall provide cost-sharing grants for  
2 the development of demonstration projects for new rice straw  
3 technologies according to criteria developed by the state board, in  
4 consultation with the University of California, ~~the Trade and~~  
5 ~~Commerce Agency~~, and the Department of Food and Agriculture,  
6 and adopted at a noticed public hearing held by the state board. The  
7 criteria shall include, but shall not be limited to, all of the  
8 following:

9 (a) Proposed projects shall use a technology that could use  
10 significant volumes of rice straw annually if it is commercialized,  
11 based upon various factors, including potential markets and  
12 viability of the technology in meeting market demands.

13 (b) The state board shall provide a grant of not more than 50  
14 percent of the cost for each demonstration project.

15 (c) Public and private support shall be demonstrated for  
16 proposed projects, including local community support from the  
17 rice growing community where the project would be located.

18 (d) The grants shall be authorized and allocated during the  
19 2000–01, 2001–02, and 2002–03 fiscal years. Grants may be  
20 expended, under the grant agreement, during a period not to  
21 exceed three years from the date that the grant is awarded.

22 (e) Preference shall be given to projects located within the rice  
23 growing regions of the Sacramento Valley and which may be  
24 replicated throughout the region.

25 (f) Projects should demonstrate all of the following:

26 (1) Technical and economic feasibility.

27 (2) The capability to become profitable within five years.

28 (3) Cost-effectiveness.

29 (4) The extent to which the program mitigates or avoids  
30 adverse environmental impacts.

31 (g) This section shall not become operative until moneys are  
32 appropriated for deposit in the Rice Straw Demonstration Project  
33 Grant Fund, created pursuant to Section 39751, by the Legislature,  
34 or until moneys are transferred to that fund by any other entity.

35 *SEC. 52. Section 40448.6 of the Health and Safety Code is*  
36 *amended to read:*

37 40448.6. The Legislature hereby finds and declares all of the  
38 following:

39 (a) It is necessary to increase the availability of financial  
40 assistance to small businesses ~~which~~ that are subject to the rules



1 and regulations of the south coast district, in order to minimize  
2 economic dislocation and adverse socioeconomic impacts.

3 (b) It is in the public interest that a portion of the funds collected  
4 by the south coast district from violators of air pollution  
5 regulations be allocated for the purpose of guaranteeing or  
6 otherwise reducing the financial risks of providing financial  
7 assistance to small businesses which face increased borrowing  
8 requirements in order to comply with air pollution control  
9 requirements.

10 (c) Public agencies and private lenders have a variety of  
11 methods available for providing financing assistance to small  
12 businesses and other employers, including taxable bonds,  
13 composite or pooled financing instruments, loan guarantees, and  
14 credit insurance, which could be utilized in combination with the  
15 penalties collected by the south coast district to expand the  
16 availability and reduce the cost of financing assistance.

17 (d) The California Pollution Control Financing Authority has  
18 funds set aside from previous bond issues, which could be used to  
19 guarantee the issuance of bonds or other financing for small  
20 businesses for the purchase and installation of pollution control  
21 equipment.

22 (e) ~~The Office of Small Business in the Trade and Commerce~~  
23 *Business, Transportation and Housing Agency*, through the  
24 ~~regional~~ small business *financial* development corporations  
25 *established pursuant to Chapter 1 (commencing with Section*  
26 *14000) of Part 5 of Division 3 of Title 1 of the Corporations Code,*  
27 has the ability to provide state loan guarantees and technical  
28 assistance to small businesses needing financial assistance.

29 (f) The Job Training Partnership Division of the Employment  
30 Development Department makes funds available for job training  
31 programs, including funds for dislocated workers, through the  
32 federal Job Training Partnership Act (29 U.S.C. Sec. 1501 et seq.).

33 (g) It is the policy of the state that the Job Training Partnership  
34 Division of the Employment Development Department, in  
35 cooperation with the districts and the state board, are encouraged  
36 to provide job training programs for workers who, as determined  
37 by the department or the local private industry council, have been  
38 laid off or dislocated as a result of actions resulting from air quality  
39 regulations.



1 (h) It is the policy of the state that the California Pollution  
2 Control Financing Authority, ~~the Office of Small Business in the~~  
3 ~~Trade and Commerce Agency~~, and other state agencies  
4 implementing small business assistance programs, in cooperation  
5 with the districts and the state board, are encouraged to provide  
6 technical and financial assistance to small businesses to facilitate  
7 compliance with air quality regulations.

8 *SEC. 53. Section 41503.6 of the Health and Safety Code is*  
9 *amended to read:*

10 41503.6. (a) The Legislature finds and declares that the  
11 California Pollution Control Financing Authority ~~and the Trade~~  
12 ~~and Commerce Agency~~, working with the south coast district, ~~have~~  
13 *has* established successful programs to assist small businesses in  
14 complying with district rules and financing the purchase of  
15 pollution control equipment.

16 (b) The Treasurer; *and* the California Pollution Control  
17 Financing Authority, ~~and the Trade and Commerce Agency~~ shall  
18 work with, and provide all feasible assistance to, districts to  
19 increase opportunities for small businesses to comply with the  
20 rules and regulations of the district. That assistance may include  
21 loans, loan guarantees, and other forms of financial assistance.

22 *SEC. 54. Section 41865 of the Health and Safety Code is*  
23 *amended to read:*

24 41865. (a) This section shall be known, and may be cited, as  
25 the Connelly-Areias-Chandler Rice Straw Burning Reduction Act  
26 of 1991.

27 (b) As used in this section:

28 (1) "Sacramento Valley Air Basin" means the area designated  
29 by the state board pursuant to Section 39606.

30 (2) "Air pollution control council" means the Sacramento  
31 Valley Basinwide Air Pollution Control Council authorized  
32 pursuant to Section 40900.

33 (3) "Conditional rice straw burning permit" means a permit to  
34 burn granted pursuant to subdivisions (f) and (h).

35 (4) "Allowable acres to be burned" means the number of acres  
36 that may be burned pursuant to subdivision (c).

37 (5) "Department" means the Department of Food and  
38 Agriculture.



1 (6) “Maximum fall burn acres” means the maximum amount  
2 of rice acreage that may be burned from September 1 to December  
3 31, inclusive, of each year.

4 (7) “Maximum spring burn acres” means the maximum  
5 amount of rice acreage that may be burned from January 1 to May  
6 31 of the following year, inclusive.

7 (c) Notwithstanding Section 41850, rice straw burning in  
8 counties in the Sacramento Valley Air Basin shall be phased down,  
9 as follows:

10 (1) From 1998 to 2000, the maximum spring and fall burn acres  
11 shall be the following number of acres planted prior to September  
12 1 of each year:

Year	Maximum Fall Burn Acres	Maximum Spring Burn Acres
1998	90,000	110,000
1999	90,000	110,000
2000	90,000	110,000

18  
19 (2) Notwithstanding paragraph (1), any of the 90,000 acres  
20 allocated in the fall that are not burned may be added to the  
21 maximum spring burn acres, provided that the maximum spring  
22 burn acres does not exceed 160,000 acres.

23 (3) Notwithstanding paragraph (1), the maximum acres burned  
24 between January 1, 1998, and August 31, 1998, shall be limited so  
25 that the total acres burned between September 1, 1997, and August  
26 31, 1998, do not exceed 38 percent of the total acres planted prior  
27 to September 1, 1997.

28 (4) In 2001 and thereafter, the maximum annual burn acres  
29 shall be the number of acres prescribed in subdivision (i), subject  
30 to subdivisions (f) and (h).

31 (d) The number of allowable acres to be burned each day shall  
32 be determined by the state board and the air pollution control  
33 officers in the Sacramento Valley Air Basin and equitably  
34 allocated among rice growers in accordance with the annual  
35 agricultural burning plan adopted by the air pollution control  
36 council and approved by the state board.

37 (e) On or before September 1, 2000, the state board, in  
38 consultation with the department and the air pollution control  
39 council, shall adopt regulations consistent with the criteria  
40 provided in subdivisions (f) and (h). On or before September 1,



1 1996, an advisory group shall be established by the state board and  
2 the department to assist in the adoption of those regulations.

3 (f) Commencing September 1, 2001, the county air pollution  
4 control officers in the Sacramento Valley Air Basin may grant  
5 conditional rice straw burning permits once the county agricultural  
6 commissioner has determined that the applicant has met the  
7 conditions specified in subdivision (h). The county agricultural  
8 commissioner shall be responsible for all field inspections  
9 associated with the issuance of conditional rice straw burning  
10 permits. A conditional rice straw burning permit shall be valid for  
11 only one burn, per field, per year.

12 (g) The county agricultural commissioner may charge the  
13 applicant a fee not to exceed the costs incurred by the county  
14 agricultural commissioner in making the determination specified  
15 in subdivision (f). This subdivision shall be operative only until  
16 January 1, 2009.

17 (h) If the terms and conditions for issuing conditional rice straw  
18 burning permits specified in paragraphs (1) to (4), inclusive, are  
19 met, a conditional rice straw burning permit may be issued unless  
20 the state board and the department have jointly determined, based  
21 upon an annual review process, that there are other economically  
22 and technically feasible alternative means of eliminating the  
23 disease that are not substantially more costly to the applicant. The  
24 terms and conditions for issuing the conditional rice straw burning  
25 permits are:

26 (1) The fields to be burned are specifically described.

27 (2) The applicant has not violated any provision of this section  
28 within the previous three years.

29 (3) During the growing season, the county agricultural  
30 commissioner has independently determined the significant  
31 presence of a pathogen in an amount sufficient to constitute a rice  
32 disease such as stem rot.

33 (4) The county agricultural commissioner makes a finding that  
34 the existence of the pathogen as identified in paragraph (3) will  
35 likely cause a significant, quantifiable reduction in yield in the  
36 field to be burned during the current or next growing season. The  
37 findings of the county agricultural commissioner shall be based on  
38 recommendations adopted by the advisory group established  
39 pursuant to subdivision (e).



1 (i) (1) The maximum annual number of acres burned in the  
2 Sacramento Valley Air Basin pursuant to paragraph (4) of  
3 subdivision (c) shall be the lesser of:

4 (A) The total of 25 percent of each individual applicant's  
5 planted acres that year.

6 (B) A total of 125,000 acres planted in the Sacramento Valley  
7 Air Basin.

8 (2) Each grower shall be eligible to burn up to 25 percent of the  
9 grower's planted acres, as determined by the air pollution control  
10 officers in the Sacramento Valley Air Basin and subject to the  
11 maximum annual number of acres burned set forth in paragraph  
12 (1), if the grower has met the criteria for a conditional rice straw  
13 burning permit.

14 (3) The air pollution control council shall annually determine  
15 which is the lesser of subparagraphs (A) and (B) of paragraph (1),  
16 and shall determine the maximum percentage applicable to all  
17 growers subject to the conditions set forth in subdivisions (f) and  
18 (h).

19 (4) A grower who owns or operates 400 acres or less who has  
20 met the criteria for the issuance of a conditional rice straw burning  
21 permit may burn his or her entire acreage once every four years,  
22 provided that the limit prescribed in paragraph (1) is not exceeded.

23 (5) Nothing in this subdivision shall permit an applicant to  
24 transfer, sell, or trade any permission to burn granted pursuant to  
25 this subdivision to another applicant or individual.

26 (j) The state board and the department shall jointly determine  
27 if the allowable acres to be burned, as provided in subdivisions (c),  
28 (f), and (h), may be exceeded due to extraordinary circumstances,  
29 such as an act of God, that have an impact over a continuing  
30 duration and make alternatives other than burning unusable.

31 (k) "Administrative burning" means burning of vegetative  
32 materials along roads, in ditches, and on levees adjacent to or  
33 within a rice field, or the burning of vegetative materials on rice  
34 research facilities authorized by the county agricultural  
35 commissioner, not to exceed 2,000 acres. Administrative burning  
36 conducted in accordance with Section 41852 is not subject to this  
37 section.

38 (l) (1) On or before September 1, 1992, the state board and the  
39 department shall jointly establish an advisory committee  
40 composed of 10 members to assist with the identification and



1 implementation of alternatives to rice straw burning. Members of  
2 the committee shall be from the Sacramento Valley Air Basin, and  
3 the committee shall consist of two rice growers, two  
4 representatives from the environmental community, two health  
5 officials, two county supervisors or their designees, one member  
6 from the air pollution control council, and one member from the  
7 business community with expertise in market or product  
8 development. The committee shall meet at least annually. General  
9 Fund moneys shall not be used to support the committee.

10 (2) The committee shall develop a list of priority goals for the  
11 development of alternative uses of rice straw for the purpose of  
12 developing feasible and cost-effective alternatives to rice straw  
13 burning. These goals shall include, but not be limited to, research  
14 on alternatives, economic incentives to encourage alternative uses,  
15 and new product development.

16 (m) On or before September 1, 1998, the state board, in  
17 consultation with the department, *and* the advisory committee, ~~and~~  
18 ~~the Trade and Commerce Agency~~, shall develop an  
19 implementation plan and a schedule to achieve diversion of not  
20 less than 50 percent of rice straw produced toward off-field uses  
21 by 2000. Off-field uses may include, but are not limited to, the  
22 production of energy and fuels, construction materials, pulp and  
23 paper, and livestock feed.

24 (n) On or before September 1, 1999, the state board and the  
25 department shall jointly report to the Legislature on the progress  
26 of the phasedown of, and the identification and implementation of  
27 alternatives to, rice straw burning. This report shall include an  
28 economic and environmental assessment, the status of feasible and  
29 cost-effective alternatives to rice straw burning, recommendations  
30 from the advisory committee on the development of alternatives  
31 to rice straw burning, the status of the implementation plan and the  
32 schedule required by subdivision (m), progress toward achieving  
33 the 50 percent diversion goal, any recommended changes to this  
34 section, and other issues related to this section. The report shall be  
35 updated biennially and transmitted to the Legislature not later than  
36 September 1 of each odd-numbered year. The state board may  
37 adjust the district burn permit fees specified in subdivision (s) to  
38 pay for the preparation of the report and its updates. The districts  
39 shall collect and remit the adjustment to the state board, which  
40 shall deposit the fees in the Motor Vehicle Account in the State



1 Transportation Fund. It shall be the goal of the state board and the  
2 department that the cost of the report and its updates shall not  
3 exceed fifty thousand dollars (\$50,000).

4 (o) The state board and the Department of Food and  
5 Agriculture shall jointly collect and analyze all available data  
6 relevant to the air quality and public health impacts and, to the  
7 extent feasible, the economic impacts, that may be associated with  
8 the burning of rice straw pursuant to the schedule provided in  
9 paragraph (1) of subdivision (c). On or before July 1, 2001, the  
10 state board shall submit a report to the Legislature presenting its  
11 findings regarding the air quality, public health, and economic  
12 impacts associated with the burning of rice straw pursuant to the  
13 schedule provided in paragraph (1) of subdivision (c).

14 (p) The Legislature hereby finds and declares as follows:

15 (1) Because of the requirements imposed by this section, rice  
16 straw that was previously burned may present, as solid waste, a  
17 new disposal problem.

18 (2) The state should assist local governments and growers in  
19 diverting rice straw from landfills by researching and developing  
20 diversion options.

21 (q) It is the intent of the Legislature that all feasible alternatives  
22 to rice straw burning and options for diverting rice straw from  
23 landfills be encouraged.

24 (r) This subdivision confirms that reductions in emissions from  
25 rice straw burning qualify for air quality offsets, in accordance  
26 with paragraphs (1) and (2).

27 (1) These credits shall meet the requirements specified in state  
28 law and district rules and regulations, and shall comply with  
29 applicable district banking rules established pursuant to Sections  
30 40709 to 40713, inclusive. Districts are urged to establish banking  
31 systems in accordance with Sections 40709 to 40713, inclusive.  
32 The state board may adopt regulations to implement this  
33 subdivision, including, but not limited to, consideration of the  
34 seasonal and intermittent nature of rice straw burning emissions.  
35 In developing the regulations, the state board shall consult with all  
36 concerned parties. However, emission reduction credits that  
37 would otherwise accrue from reductions in emissions from rice  
38 straw burning shall not be affected or negated by the phasedown  
39 of burning, as specified in subdivision (c).



1 (2) Reductions in emissions achieved in compliance with  
2 subdivision (c) that are banked or used as credits shall not be  
3 credited for purposes of attainment planning and progress towards  
4 the attainment of any state or national ambient air quality standard  
5 as required by state and federal law.

6 (s) (1) Any person who negligently or intentionally violates  
7 any provision of this article is guilty of a misdemeanor and is  
8 subject to a fine of not more than ten thousand dollars (\$10,000),  
9 imprisonment in the county jail for not more than nine months, or  
10 by both that fine and imprisonment. This subdivision applies only  
11 to agricultural burning in the Sacramento Valley Air Basin.

12 (2) Any person who negligently or intentionally violates any  
13 provision in this article is liable for a civil penalty of not more than  
14 ten thousand dollars (\$10,000). This subdivision applies only to  
15 agricultural burning in the Sacramento Valley Air Basin.

16 (t) Districts in the Sacramento Valley Air Basin shall impose  
17 fees on growers to cover the cost of implementing this section  
18 pursuant to Section 42311.

19 (u) To the extent that resources are available, the state board  
20 and the agencies with jurisdiction over air quality within the  
21 Sacramento Valley Air Basin shall do both of the following:

22 (1) Improve responses to citizen complaints, and, to the extent  
23 feasible, immediately investigate and analyze smoke complaints  
24 from the public to identify factors that contribute to complaints  
25 and to develop better smoke control measures to be included in the  
26 agricultural burning plan, keep a record of all complaints,  
27 coordinate among other agencies on citizens' complaints, and  
28 investigate the source of the pollution causing the complaint.

29 (2) Respond more quickly to requests for update from county  
30 air pollution control officers to help maximize burning days when  
31 meteorological conditions are best suited for smoke dispersion.

32 *SEC. 55. Section 50887.5 of the Health and Safety Code is*  
33 *amended to read:*

34 50887.5. The department is encouraged, as appropriate, to  
35 enter into interagency agreements with ~~the Trade and Commerce~~  
36 ~~Agency or any other~~ state department or agency to ensure close  
37 coordination and cooperation in using the funds of the other  
38 departments or agencies for the jobs component, child care  
39 component, or other components of the housing developments.



1     *SEC. 56. Section 124850 of the Health and Safety Code is*  
2     *amended to read:*

3     124850. The department shall provide expert technical  
4 assistance to strategically located, high-risk rural hospitals to  
5 assist the hospitals in carrying out an assessment of potential  
6 business and diversification of service opportunities. In providing  
7 the technical assistance on business opportunities, the department  
8 shall consult with ~~the Trade and Commerce Agency~~ and other  
9 appropriate agencies. The high-risk rural hospital, in cooperation  
10 with the department, may develop a short-term plan of action if,  
11 in its opinion, the results of the assessment so indicate. The  
12 department, in consultation with an organization of interest, shall  
13 do all of the following:

- 14     (a) Establish a process for identifying strategically located,  
15 high-risk rural hospitals and reviewing requests from the hospitals  
16 for assistance.
- 17     (b) Develop a standard format for the strategic assessment.
- 18     (c) Develop a model action plan.
- 19     (d) Establish criteria for review of action plans.
- 20     (e) Request input and assistance from organizations of interest.
- 21     (f) Make the strategic assessment format and model action plan  
22 available to all small and rural hospitals.

23     *SEC. 57. Section 1831 of the Military and Veterans Code is*  
24     *amended to read:*

25     1831. (a) So that the people of California will not forget the  
26 sacrifices of those members of the United States Armed Forces  
27 who, after the termination of hostilities, remain prisoners of war  
28 or are missing in action, as well as the sacrifices of missing United  
29 States nonmilitary personnel and civilians, the Governor shall  
30 annually proclaim the third Friday of September to be known as  
31 Prisoner-of-War/Missing-in-Action (POW/MIA) Recognition  
32 Day.

33     (b) The flag of the National League of POW/MIA Families  
34 (POW/MIA Flag) is a black and white banner symbolizing those  
35 members of the United States Armed Forces who are listed as  
36 prisoners of war or missing in action. The flag serves as a powerful  
37 reminder to people everywhere of our country's firm resolve to  
38 achieve the fullest possible accounting for every member of the  
39 United States Armed Forces, and United States nonmilitary  
40 personnel and civilians. To the extent it is structurally feasible, the



- 1 flag shall be flown during business hours, at locations where the  
2 United States flag and the California state flag currently fly, over  
3 all of the following places on the dates specified in subdivision (c):  
4 (1) All California National Guard armories.  
5 (2) Department of Veterans Affairs.  
6 (3) Military Department.  
7 (4) State Capitol.  
8 (5) All of the headquarters of the following agencies in  
9 Sacramento:  
10 (A) Business, Transportation and Housing Agency.  
11 (B) California Environmental Protection Agency.  
12 (C) *California* Health and ~~Welfare~~ *Human Services* Agency.  
13 (D) Office of Child Development and Education.  
14 (E) Resources Agency.  
15 (F) State and Consumer Services Agency.  
16 (G) ~~Trade and Commerce~~ Agency.  
17 ~~(H)~~ Youth and Adult Correctional Agency.  
18 (c) (1) For the purpose of subdivision (b), the POW/MIA Flag  
19 shall be flown on the following dates:  
20 (A) Armed Forces Day, the third Saturday in May.  
21 (B) Memorial Day, the last Monday in May.  
22 (C) Flag Day, June 14.  
23 (D) Independence Day, July 4.  
24 (E) National POW/MIA Recognition Day, the third Friday in  
25 September.  
26 (F) Veterans Day, November 11.  
27 (2) If June 14, July 4, or November 11 falls upon a Saturday,  
28 the flag shall be flown on the preceding Friday. If any of those  
29 dates fall upon a Sunday, the flag shall be flown on the following  
30 Monday.  
31 (d) The flag shall be flown at the Vietnam Veterans Memorial  
32 located on the grounds of the State Capitol whenever the United  
33 States flag is flown at that location.  
34 (e) Additionally, the Governor and the Legislature are  
35 authorized and requested to issue proclamations calling upon the  
36 people, schools, and local governments of California to recognize  
37 POW/MIA Recognition Day with appropriate ceremonies and  
38 activities.  
39 *SEC. 58. Section 2802 of the Penal Code is amended to read:*



1 2802. The authority shall be under the policy direction of a  
2 board of directors, to be known as the Prison Industry Board, and  
3 to be referred to hereafter as the board. The board shall consist of  
4 ~~eleven~~ 11 members:

5 (a) The Director of Corrections shall be a member.

6 (b) The Director of the Department of General Services, or his  
7 or her designee, shall be a member.

8 (c) The Secretary of ~~the Trade and Commerce Agency~~  
9 *Business, Transportation and Housing*, or his or her designee,  
10 shall be a member.

11 (d) The Speaker of the Assembly shall appoint two members to  
12 represent the general public.

13 (e) The Senate ~~Rules~~ Committee *on Rules* shall appoint two  
14 members to represent the general public.

15 (f) The Governor shall appoint four members. Of these, two  
16 shall be representatives of organized labor, and two shall be  
17 representatives of industry. The initial term of one of the members  
18 appointed by the Speaker of the Assembly shall be two years, and  
19 the initial term of the other shall be three years. The initial term of  
20 one of the members appointed by the Senate ~~Rules~~ Committee *on*  
21 *Rules* shall be two years, and the initial term of the other shall be  
22 three years. The initial terms of the four members appointed by the  
23 Governor shall be four years. All subsequent terms of all members  
24 shall be for four years. Each member's term shall continue until the  
25 appointment and qualification of his *or her* successor.

26 *SEC. 59. Section 25696 of the Public Resources Code is*  
27 *amended to read:*

28 25696. The commission, ~~in cooperation with the California~~  
29 ~~State World Trade Commission and the Trade and Commerce~~  
30 ~~Agency~~, may assist California-based energy technology and  
31 energy conservation firms to export their technologies, products,  
32 and services to international markets.

33 The commission may, ~~in coordination with the California State~~  
34 ~~World Trade Commission~~, do all of the following:

35 (a) Conduct a technical assistance program to help California  
36 energy companies improve export opportunities and enhance  
37 foreign buyers' awareness of and access to energy technologies  
38 and services offered by California-based companies. Technical  
39 assistance activities may include, but are not limited to, an energy  
40 technology export information clearinghouse, a referral service, a



1 trade lead service consulting services for financing, market  
2 evaluation, and legal counseling, and information seminars.

3 (b) Perform research studies and solicit technical advice to  
4 identify international market opportunities.

5 (c) Assist California energy companies to evaluate project or  
6 site-specific energy needs of international markets.

7 (d) Assist California energy companies to identify and address  
8 international trade barriers restricting energy technology exports,  
9 including unfair trade practices and discriminatory trade laws.

10 (e) Develop promotional materials in conjunction with  
11 California energy companies to expand energy technology  
12 exports.

13 (f) Establish technical exchange programs to increase foreign  
14 buyers' awareness of suitable energy technology uses.

15 (g) Prepare equipment performance information to enhance  
16 potential export opportunities.

17 (h) Coordinate activities with state, federal, and international  
18 donor agencies to take advantage of trade promotion and financial  
19 assistance efforts offered.

20 *SEC. 60. Section 31306 of the Public Resources Code is*  
21 *amended to read:*

22 31306. (a) The conservancy shall propose capital projects  
23 and capital programs, generated by the conservancy, local public  
24 agencies, or state agencies for grants available under Section 306A  
25 of the federal Coastal Zone Management Improvement Act  
26 (Public Law 96-464). ~~The commission shall forward the proposed~~  
27 ~~projects and programs to the Trade and Commerce Agency as~~  
28 ~~applications recommended for funding under Section 306A.~~ The  
29 commission shall not forward any application unless it has been  
30 proposed by the conservancy.

31 (b) Nothing in this chapter shall diminish the commission's  
32 authority pursuant to Section 30330 of the Public Resources Code,  
33 which shall include determination of the allocation of federal  
34 financial assistance among the coastal management activities,  
35 coastal research activities, coastal energy impact activities, living  
36 marine resource activities, and natural resources enhancement and  
37 management activities, eligible for federal financial assistance  
38 under the Coastal Zone Management Improvement Act, or any  
39 amendment thereto, or any other federal act enacted up to this time



1 or in the future, that relates to the planning and management of the  
2 coastal zone, except as provided in this section.

3 (c) (1) Prior to the commission's determination of allocations  
4 under subdivision (b), the commission and the conservancy shall  
5 concur on the allocation for capital projects and capital programs  
6 generated by the conservancy, local public agencies, or state  
7 agencies for public access, agricultural preservation, enhancement  
8 of coastal resources, coastal restoration, urban waterfront  
9 restoration, reservation of significant coastal resource areas, and  
10 commercial fishing facilities. No allocation for these capital  
11 projects and capital programs shall be made unless they are  
12 proposed by the conservancy.

13 (2) Prior to the commission's determination of allocations  
14 under subdivision (b), the commission and the San Francisco Bay  
15 Conservation and Development Commission shall concur on the  
16 allocation for the San Francisco Bay Conservation and  
17 Development Commission to carry out its responsibilities under  
18 the federally approved California Coastal Management Program.

19 (3) In determining the allocations under subdivision (b), the  
20 commission shall consult with the conservancy, the San Francisco  
21 Bay Conservation and Development Commission, and the  
22 Department of Finance, and shall ensure that agencies eligible for  
23 federal financial assistance under the Coastal Zone Management  
24 Improvement Act are allocated sufficient assistance to carry out  
25 their required responsibilities under the federally approved  
26 California Coastal Management Program.

27 *SEC. 61. Section 36300 of the Public Resources Code is*  
28 *amended to read:*

29 36300. The Ocean Resources Task Force is hereby created in  
30 state government. The task force is ~~comprised~~ *composed* of the  
31 following or their designee: the Secretary of Environmental  
32 Affairs, the Secretary of the Resources Agency, ~~the Secretary of~~  
33 ~~the Trade and Commerce Agency~~, the State Director of Health  
34 Services, the Secretary of the Business, Transportation and  
35 Housing Agency, the Chairperson or Executive Officer of the State  
36 Lands Commission as determined by the commission, the  
37 Chairperson or Executive Director of the California Coastal  
38 Commission as determined by the commission, the Chairperson or  
39 Executive Officer of the Coastal Conservancy as determined by  
40 the conservancy, the Chairperson or Executive Director of the San



1 Francisco Bay Conservation and Development Commission as  
2 determined by the commission, the Director of Conservation, the  
3 Director of Fish and Game, the Director of Boating and  
4 Waterways, the Director of Parks and Recreation, the Chairperson  
5 of the Mining and Geology Board, the Chairperson or Executive  
6 Director of the State Water Resources Control Board as  
7 determined by the board, the Executive Officer of each California  
8 regional water quality control board for a coastal region, the  
9 Director of Finance, the Chairperson or Executive Director of the  
10 State Energy Resources Conservation and Development  
11 Commission as determined by the commission, the Chairperson of  
12 the State Air Resources Board, the Chairperson of the Senate  
13 Committee on Natural Resources and Wildlife, the Chairperson of  
14 the Assembly Natural Resources Committee, the President of the  
15 University of California, the Chancellor of the California State  
16 University, and the Director of the California Sea Grant program.

17 *SEC. 62. Section 42021 of the Public Resources Code is*  
18 *amended to read:*

19 42021. Nothing in this chapter prohibits an applicant from  
20 seeking designation of an enterprise zone ~~by the Trade and~~  
21 ~~Commerce Agency~~ and receiving economic incentives as defined  
22 in Section 7073 of the Government Code.

23 *SEC. 63. Section 42022 of the Public Resources Code is*  
24 *repealed.*

25 ~~42022. In evaluating an application for designation of a~~  
26 ~~recycling market development zone, the board shall consult with~~  
27 ~~the Trade and Commerce Agency.~~

28 *SEC. 64. Section 42024 of the Public Resources Code is*  
29 *amended to read:*

30 42024. The board, ~~the Trade and Commerce Agency~~, the  
31 Treasurer, and other appropriate state agencies shall, to the extent  
32 feasible and as appropriate, coordinate activities that will leverage  
33 financing for market development projects and encourage joint  
34 activities to strengthen markets for recycled materials.

35 *SEC. 65. Section 883 of the Public Utilities Code is amended*  
36 *to read:*

37 883. (a) The commission shall, on or before February 1,  
38 2001, issue an order initiating an investigation and opening a  
39 proceeding to examine the current and future definitions of  
40 universal service. That proceeding shall include public hearings



1 that encourage participation by a broad and diverse range of  
2 interests from all areas of the state, including, but not limited to,  
3 all of the following:

- 4 (1) Consumer groups.
- 5 (2) Communication service providers, including all providers  
6 of high-speed access services.
- 7 (3) Facilities-based telephone providers.
- 8 (4) Information service providers and Internet access  
9 providers.
- 10 (5) Rural and urban users.
- 11 (6) Public interest groups.
- 12 (7) Representatives of small and large businesses and industry.
- 13 (8) Local agencies.
- 14 (9) State agencies, including, but not limited to, all of the  
15 following:

- 16 ~~(A) The Trade and Commerce Agency.~~
- 17 ~~(B) The Business, Transportation and Housing Agency.~~
- 18 ~~(C) —~~
- 19 (B) The State and Consumer Services Agency.
- 20 ~~(D) The Department of Information Technology.~~
- 21 ~~(E) —~~
- 22 (C) The State Department of Education.
- 23 ~~(F) —~~
- 24 (D) The State Department of Health Services.
- 25 ~~(G) —~~
- 26 (E) The California State Library.
- 27 (10) Colleges and universities.

28 (b) The objectives of the proceeding set forth in subdivision (a)  
29 shall include all of the following:

- 30 (1) To investigate the feasibility of redefining universal service  
31 in light of current trends toward accelerated convergence of voice,  
32 video, and data, with an emphasis on the role of basic  
33 telecommunications and Internet services in the workplace, in  
34 education and workforce training, access to health care, and  
35 increased public safety.
- 36 (2) To evaluate the extent to which technological changes have  
37 reduced the relevance of existing regulatory regimes given their  
38 current segmentation based upon technology.
- 39 (3) To receive broad-based input from a cross section of  
40 interested parties and make recommendations on whether video,



1 data, and Internet service providers should be incorporated into an  
2 enhanced Universal Lifeline Service program, as specified,  
3 including relevant policy recommendations regarding regulatory  
4 and statutory changes and funding options that are consistent with  
5 the principles set forth in subdivision (c) of Section 871.7.

6 (4) To reevaluate prior definitions of basic service in a manner  
7 that will, to the extent feasible, effectively incorporate the latest  
8 technologies to provide all California residents with all of the  
9 following:

10 (A) Improved quality of life.

11 (B) Expanded access to public and private resources for  
12 education, training, and commerce.

13 (C) Increased access to public resources enhancing public  
14 health and safety.

15 (D) Assistance in bridging the “digital divide” through  
16 expanded access to new technologies by low income, disabled, or  
17 otherwise disadvantaged Californians.

18 (5) To assess projected costs of providing enhanced universal  
19 lifeline service in accordance with the intent of this article, and to  
20 delineate the subsidy support needed to maintain the redefined  
21 scope of universal service in a competitive market.

22 (6) To design and recommend an equitable and broad-based  
23 subsidy support mechanism for universal service in competitive  
24 markets in a manner that conforms with subdivision (c) of Section  
25 871.7.

26 (7) To develop a process to periodically review and revise the  
27 definition of universal service to reflect new technologies and  
28 markets consistent with subdivision (c) of Section 871.7.

29 (8) To consider whether similar regulatory treatment for the  
30 provision of similar services is appropriate and feasible.

31 (c) In conducting its investigation, the commission shall take  
32 into account the role played by a number of diverse but convergent  
33 industries and providers, even though many of these entities are  
34 not subject to economic regulation by the commission or any other  
35 government entity.

36 (d) The recommendations of the commission shall be  
37 consistent with state policies for telecommunications as set forth  
38 in Section 709, and with all of the following principles:



1 (1) Universal service shall, to the extent feasible, be provided  
2 at affordable prices regardless of linguistic, cultural, ethnic,  
3 physical, financial, and geographic considerations.

4 (2) Consumers shall be provided access to all information  
5 needed to allow timely and informed choices about  
6 telecommunications products and services that are part of the  
7 universal service program and how best to use them.

8 (3) Education, health care, community, and government  
9 institutions shall be positioned as early recipients of new and  
10 emerging technologies so as to maximize the economic and social  
11 benefits of these services.

12 (e) The commission shall complete its investigation and report  
13 to the Legislature its findings and recommendations on or before  
14 January 1, 2002.

15 *SEC. 66. Section 17053.74 of the Revenue and Taxation Code*  
16 *is amended to read:*

17 17053.74. (a) There shall be allowed a credit against the “net  
18 tax” (as defined in Section 17039) to a taxpayer who employs a  
19 qualified employee in an enterprise zone during the taxable year.  
20 The credit shall be equal to the sum of each of the following:

21 (1) Fifty percent of qualified wages in the first year of  
22 employment.

23 (2) Forty percent of qualified wages in the second year of  
24 employment.

25 (3) Thirty percent of qualified wages in the third year of  
26 employment.

27 (4) Twenty percent of qualified wages in the fourth year of  
28 employment.

29 (5) Ten percent of qualified wages in the fifth year of  
30 employment.

31 (b) For purposes of this section:

32 (1) “Qualified wages” means:

33 (A) (i) Except as provided in clause (ii), that portion of wages  
34 paid or incurred by the taxpayer during the taxable year to  
35 qualified employees that does not exceed 150 percent of the  
36 minimum wage.

37 (ii) For up to 1,350 qualified employees who are employed by  
38 the taxpayer in the Long Beach Enterprise Zone in aircraft  
39 manufacturing activities described in Codes 3721 to 3728,  
40 inclusive, and Code 3812 of the Standard Industrial Classification



1 (SIC) Manual published by the United States Office of  
2 Management and Budget, 1987 edition, “qualified wages” means  
3 that portion of hourly wages that does not exceed 202 percent of  
4 the minimum wage.

5 (B) Wages received during the 60-month period beginning  
6 with the first day the employee commences employment with the  
7 taxpayer. Reemployment in connection with any increase,  
8 including a regularly occurring seasonal increase, in the trade or  
9 business operations of the taxpayer does not constitute  
10 commencement of employment for purposes of this section.

11 (C) Qualified wages do not include any wages paid or incurred  
12 by the taxpayer on or after the zone expiration date. However,  
13 wages paid or incurred with respect to qualified employees who  
14 are employed by the taxpayer within the enterprise zone within the  
15 60-month period prior to the zone expiration date shall continue  
16 to qualify for the credit under this section after the zone expiration  
17 date, in accordance with all provisions of this section applied as if  
18 the enterprise zone designation were still in existence and binding.

19 (2) “Minimum wage” means the wage established by the  
20 Industrial Welfare Commission as provided for in Chapter 1  
21 (commencing with Section 1171) of Part 4 of Division 2 of the  
22 Labor Code.

23 (3) “Zone expiration date” means the date the enterprise zone  
24 designation expires, is no longer binding, or becomes inoperative.

25 (4) (A) “Qualified employee” means an individual who meets  
26 all of the following requirements:

27 (i) At least 90 percent of whose services for the taxpayer during  
28 the taxable year are directly related to the conduct of the taxpayer’s  
29 trade or business located in an enterprise zone.

30 (ii) Performs at least 50 percent of his or her services for the  
31 taxpayer during the taxable year in an enterprise zone.

32 (iii) Is hired by the taxpayer after the date of original  
33 designation of the area in which services were performed as an  
34 enterprise zone.

35 (iv) Is any of the following:

36 (I) Immediately preceding the qualified employee’s  
37 commencement of employment with the taxpayer, was a person  
38 eligible for services under the federal Job Training Partnership Act  
39 (29 U.S.C. Sec. 1501 et seq.), or its successor, who is receiving,  
40 or is eligible to receive, subsidized employment, training, or



1 services funded by the federal Job Training Partnership Act, or its  
2 successor.

3 (II) Immediately preceding the qualified employee's  
4 commencement of employment with the taxpayer, was a person  
5 eligible to be a voluntary or mandatory registrant under the Greater  
6 Avenues for Independence Act of 1985 (GAIN) provided for  
7 pursuant to Article 3.2 (commencing with Section 11320) of  
8 Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions  
9 Code, or its successor.

10 (III) Immediately preceding the qualified employee's  
11 commencement of employment with the taxpayer, was an  
12 economically disadvantaged individual 14 years of age or older.

13 (IV) Immediately preceding the qualified employee's  
14 commencement of employment with the taxpayer, was a  
15 dislocated worker who meets any of the following:

16 (aa) Has been terminated or laid off or who has received a  
17 notice of termination or layoff from employment, is eligible for or  
18 has exhausted entitlement to unemployment insurance benefits,  
19 and is unlikely to return to his or her previous industry or  
20 occupation.

21 (bb) Has been terminated or has received a notice of  
22 termination of employment as a result of any permanent closure  
23 or any substantial layoff at a plant, facility, or enterprise, including  
24 an individual who has not received written notification but whose  
25 employer has made a public announcement of the closure or layoff.

26 (cc) Is long-term unemployed and has limited opportunities for  
27 employment or reemployment in the same or a similar occupation  
28 in the area in which the individual resides, including an individual  
29 55 years of age or older who may have substantial barriers to  
30 employment by reason of age.

31 (dd) Was self-employed (including farmers and ranchers) and  
32 is unemployed as a result of general economic conditions in the  
33 community in which he or she resides or because of natural  
34 disasters.

35 (ee) Was a civilian employee of the Department of Defense  
36 employed at a military installation being closed or realigned under  
37 the Defense Base Closure and Realignment Act of 1990.

38 (ff) Was an active member of the armed forces or National  
39 Guard as of September 30, 1990, and was either involuntarily  
40 separated or separated pursuant to a special benefits program.



1 (gg) Is a seasonal or migrant worker who experiences chronic  
2 seasonal unemployment and underemployment in the agriculture  
3 industry, aggravated by continual advancements in technology  
4 and mechanization.

5 (hh) Has been terminated or laid off, or has received a notice  
6 of termination or layoff, as a consequence of compliance with the  
7 Clean Air Act.

8 (V) Immediately preceding the qualified employee's  
9 commencement of employment with the taxpayer, was a disabled  
10 individual who is eligible for or enrolled in, or has completed a  
11 state rehabilitation plan or is a service-connected disabled veteran,  
12 veteran of the Vietnam era, or veteran who is recently separated  
13 from military service.

14 (VI) Immediately preceding the qualified employee's  
15 commencement of employment with the taxpayer, was an  
16 ex-offender. An individual shall be treated as convicted if he or she  
17 was placed on probation by a state court without a finding of guilt.

18 (VII) Immediately preceding the qualified employee's  
19 commencement of employment with the taxpayer, was a person  
20 eligible for or a recipient of any of the following:

21 (aa) Federal Supplemental Security Income benefits.

22 (bb) Aid to Families with Dependent Children.

23 (cc) Food stamps.

24 (dd) State and local general assistance.

25 (VIII) Immediately preceding the qualified employee's  
26 commencement of employment with the taxpayer, was a member  
27 of a federally recognized Indian tribe, band, or other group of  
28 Native American descent.

29 (IX) Immediately preceding the qualified employee's  
30 commencement of employment with the taxpayer, was a resident  
31 of a targeted employment area, as defined in Section 7072 of the  
32 Government Code.

33 (X) An employee who qualified the taxpayer for the enterprise  
34 zone hiring credit under former Section 17053.8 or the program  
35 area hiring credit under former Section 17053.11.

36 (XI) Immediately preceding the qualified employee's  
37 commencement of employment with the taxpayer, was a member  
38 of a targeted group, as defined in Section 51(d) of the Internal  
39 Revenue Code, or its successor.



1 (B) Priority for employment shall be provided to an individual  
2 who is enrolled in a qualified program under the federal Job  
3 Training Partnership Act or the Greater Avenues for Independence  
4 Act of 1985 or who is eligible as a member of a targeted group  
5 under the Work Opportunity Tax Credit (Section 51 of the Internal  
6 Revenue Code), or its successor.

7 (5) “Taxpayer” means a person or entity engaged in a trade or  
8 business within an enterprise zone designated pursuant to Chapter  
9 12.8 (commencing with Section 7070) of the Government Code.

10 (6) “Seasonal employment” means employment by a taxpayer  
11 that has regular and predictable substantial reductions in trade or  
12 business operations.

13 (c) The taxpayer shall do both of the following:

14 (1) Obtain from ~~either~~ the Employment Development  
15 Department, as permitted by federal law, ~~or~~ the local county or city  
16 Job Training Partnership Act administrative entity ~~or~~, the local  
17 county GAIN office or social services agency, ~~as appropriate or the~~  
18 *local government administering the enterprise zone*, a certification  
19 which provides that a qualified employee meets the eligibility  
20 requirements specified in clause (iv) of subparagraph (A) of  
21 paragraph (4) of subdivision (b). The Employment Development  
22 Department may provide preliminary screening and referral to a  
23 certifying agency. The Employment Development Department  
24 shall develop a form for this purpose. *The Department of Housing*  
25 *and Community Development shall develop regulations governing*  
26 *the issuance of certificates by local governments pursuant to*  
27 *subdivision (a) of Section 7086 of the Government Code.*

28 (2) Retain a copy of the certification and provide it upon  
29 request to the Franchise Tax Board.

30 (d) (1) For purposes of this section:

31 (A) All employees of trades or businesses, which are not  
32 incorporated, that are under common control shall be treated as  
33 employed by a single taxpayer.

34 (B) The credit, if any, allowable by this section with respect to  
35 each trade or business shall be determined by reference to its  
36 proportionate share of the expense of the qualified wages giving  
37 rise to the credit, and shall be allocated in that manner.

38 (C) Principles that apply in the case of controlled groups of  
39 corporations, as specified in subdivision (d) of Section 23622.7,  
40 shall apply with respect to determining employment.



1 (2) If an employer acquires the major portion of a trade or  
2 business of another employer (hereinafter in this paragraph  
3 referred to as the “predecessor”) or the major portion of a separate  
4 unit of a trade or business of a predecessor, then, for purposes of  
5 applying this section (other than subdivision (e)) for any calendar  
6 year ending after that acquisition, the employment relationship  
7 between a qualified employee and an employer shall not be treated  
8 as terminated if the employee continues to be employed in that  
9 trade or business.

10 (e) (1) (A) If the employment, other than seasonal  
11 employment, of any qualified employee, with respect to whom  
12 qualified wages are taken into account under subdivision (a) is  
13 terminated by the taxpayer at any time during the first 270 days of  
14 that employment (whether or not consecutive) or before the close  
15 of the 270th calendar day after the day in which that employee  
16 completes 90 days of employment with the taxpayer, the tax  
17 imposed by this part for the taxable year in which that employment  
18 is terminated shall be increased by an amount equal to the credit  
19 allowed under subdivision (a) for that taxable year and all prior  
20 taxable years attributable to qualified wages paid or incurred with  
21 respect to that employee.

22 (B) If the seasonal employment of any qualified employee,  
23 with respect to whom qualified wages are taken into account under  
24 subdivision (a) is not continued by the taxpayer for a period of 270  
25 days of employment during the 60-month period beginning with  
26 the day the qualified employee commences seasonal employment  
27 with the taxpayer, the tax imposed by this part, for the taxable year  
28 that includes the 60th month following the month in which the  
29 qualified employee commences seasonal employment with the  
30 taxpayer, shall be increased by an amount equal to the credit  
31 allowed under subdivision (a) for that taxable year and all prior  
32 taxable years attributable to qualified wages paid or incurred with  
33 respect to that qualified employee.

34 (2) (A) Subparagraph (A) of paragraph (1) shall not apply to  
35 any of the following:

36 (i) A termination of employment of a qualified employee who  
37 voluntarily leaves the employment of the taxpayer.

38 (ii) A termination of employment of a qualified employee who,  
39 before the close of the period referred to in paragraph (1), becomes  
40 disabled and unable to perform the services of that employment,



1 unless that disability is removed before the close of that period and  
2 the taxpayer fails to offer reemployment to that employee.

3 (iii) A termination of employment of a qualified employee, if  
4 it is determined that the termination was due to the misconduct (as  
5 defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of  
6 the California Code of Regulations) of that employee.

7 (iv) A termination of employment of a qualified employee due  
8 to a substantial reduction in the trade or business operations of the  
9 taxpayer.

10 (v) A termination of employment of a qualified employee, if  
11 that employee is replaced by other qualified employees so as to  
12 create a net increase in both the number of employees and the hours  
13 of employment.

14 (B) Subparagraph (B) of paragraph (1) shall not apply to any  
15 of the following:

16 (i) A failure to continue the seasonal employment of a qualified  
17 employee who voluntarily fails to return to the seasonal  
18 employment of the taxpayer.

19 (ii) A failure to continue the seasonal employment of a  
20 qualified employee who, before the close of the period referred to  
21 in subparagraph (B) of paragraph (1), becomes disabled and  
22 unable to perform the services of that seasonal employment, unless  
23 that disability is removed before the close of that period and the  
24 taxpayer fails to offer seasonal employment to that qualified  
25 employee.

26 (iii) A failure to continue the seasonal employment of a  
27 qualified employee, if it is determined that the failure to continue  
28 the seasonal employment was due to the misconduct (as defined  
29 in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the  
30 California Code of Regulations) of that qualified employee.

31 (iv) A failure to continue seasonal employment of a qualified  
32 employee due to a substantial reduction in the regular seasonal  
33 trade or business operations of the taxpayer.

34 (v) A failure to continue the seasonal employment of a  
35 qualified employee, if that qualified employee is replaced by other  
36 qualified employees so as to create a net increase in both the  
37 number of seasonal employees and the hours of seasonal  
38 employment.

39 (C) For purposes of paragraph (1), the employment  
40 relationship between the taxpayer and a qualified employee shall



1 not be treated as terminated by reason of a mere change in the form  
2 of conducting the trade or business of the taxpayer, if the qualified  
3 employee continues to be employed in that trade or business and  
4 the taxpayer retains a substantial interest in that trade or business.

5 (3) Any increase in tax under paragraph (1) shall not be treated  
6 as tax imposed by this part for purposes of determining the amount  
7 of any credit allowable under this part.

8 (f) In the case of an estate or trust, both of the following apply:

9 (1) The qualified wages for any taxable year shall be  
10 apportioned between the estate or trust and the beneficiaries on the  
11 basis of the income of the estate or trust allocable to each.

12 (2) Any beneficiary to whom any qualified wages have been  
13 apportioned under paragraph (1) shall be treated, for purposes of  
14 this part, as the employer with respect to those wages.

15 (g) For purposes of this section, “enterprise zone” means an  
16 area designated as an enterprise zone pursuant to Chapter 12.8  
17 (commencing with Section 7070) of Division 7 of Title 1 of the  
18 Government Code.

19 (h) The credit allowable under this section shall be reduced by  
20 the credit allowed under Sections 17053.10, 17053.17 and  
21 17053.46 claimed for the same employee. The credit shall also be  
22 reduced by the federal credit allowed under Section 51 of the  
23 Internal Revenue Code.

24 In addition, any deduction otherwise allowed under this part for  
25 the wages or salaries paid or incurred by the taxpayer upon which  
26 the credit is based shall be reduced by the amount of the credit,  
27 prior to any reduction required by subdivision (i) or (j).

28 (i) In the case where the credit otherwise allowed under this  
29 section exceeds the “net tax” for the taxable year, that portion of  
30 the credit that exceeds the “net tax” may be carried over and added  
31 to the credit, if any, in succeeding taxable years, until the credit is  
32 exhausted. The credit shall be applied first to the earliest taxable  
33 years possible.

34 (j) (1) The amount of the credit otherwise allowed under this  
35 section and Section 17053.70, including any credit carryover from  
36 prior years, that may reduce the “net tax” for the taxable year shall  
37 not exceed the amount of tax which would be imposed on the  
38 taxpayer’s business income attributable to the enterprise zone  
39 determined as if that attributable income represented all of the  
40 income of the taxpayer subject to tax under this part.



1 (2) Attributable income shall be that portion of the taxpayer's  
2 California source business income that is apportioned to the  
3 enterprise zone. For that purpose, the taxpayer's business income  
4 attributable to sources in this state first shall be determined in  
5 accordance with Chapter 17 (commencing with Section 25101) of  
6 Part 11. That business income shall be further apportioned to the  
7 enterprise zone in accordance with Article 2 (commencing with  
8 Section 25120) of Chapter 17 of Part 11, modified for purposes of  
9 this section in accordance with paragraph (3).

10 (3) Business income shall be apportioned to the enterprise zone  
11 by multiplying the total California business income of the taxpayer  
12 by a fraction, the numerator of which is the property factor plus the  
13 payroll factor, and the denominator of which is two. For purposes  
14 of this paragraph:

15 (A) The property factor is a fraction, the numerator of which is  
16 the average value of the taxpayer's real and tangible personal  
17 property owned or rented and used in the enterprise zone during  
18 the taxable year, and the denominator of which is the average value  
19 of all the taxpayer's real and tangible personal property owned or  
20 rented and used in this state during the taxable year.

21 (B) The payroll factor is a fraction, the numerator of which is  
22 the total amount paid by the taxpayer in the enterprise zone during  
23 the taxable year for compensation, and the denominator of which  
24 is the total compensation paid by the taxpayer in this state during  
25 the taxable year.

26 (4) The portion of any credit remaining, if any, after application  
27 of this subdivision, shall be carried over to succeeding taxable  
28 years, as if it were an amount exceeding the "net tax" for the  
29 taxable year, as provided in subdivision (i).

30 (k) The changes made to this section by the act adding this  
31 subdivision shall apply to taxable years beginning on or after  
32 January 1, 1997.

33 *SEC. 67. Section 23622.7 of the Revenue and Taxation Code*  
34 *is amended to read:*

35 23622.7. (a) There shall be allowed a credit against the "tax"  
36 (as defined by Section 23036) to a taxpayer who employs a  
37 qualified employee in an enterprise zone during the taxable year.  
38 The credit shall be equal to the sum of each of the following:

39 (1) Fifty percent of qualified wages in the first year of  
40 employment.



1 (2) Forty percent of qualified wages in the second year of  
2 employment.  
3 (3) Thirty percent of qualified wages in the third year of  
4 employment.  
5 (4) Twenty percent of qualified wages in the fourth year of  
6 employment.  
7 (5) Ten percent of qualified wages in the fifth year of  
8 employment.  
9 (b) For purposes of this section:  
10 (1) “Qualified wages” means:  
11 (A) (i) Except as provided in clause (ii), that portion of wages  
12 paid or incurred by the taxpayer during the taxable year to  
13 qualified employees that does not exceed 150 percent of the  
14 minimum wage.  
15 (ii) For up to 1,350 qualified employees who are employed by  
16 the taxpayer in the Long Beach Enterprise Zone in aircraft  
17 manufacturing activities described in Codes 3721 to 3728,  
18 inclusive, and Code 3812 of the Standard Industrial Classification  
19 (SIC) Manual published by the United States Office of  
20 Management and Budget, 1987 edition, “qualified wages” means  
21 that portion of hourly wages that does not exceed 202 percent of  
22 the minimum wage.  
23 (B) Wages received during the 60-month period beginning  
24 with the first day the employee commences employment with the  
25 taxpayer. Reemployment in connection with any increase,  
26 including a regularly occurring seasonal increase, in the trade or  
27 business operations of the taxpayer does not constitute  
28 commencement of employment for purposes of this section.  
29 (C) Qualified wages do not include any wages paid or incurred  
30 by the taxpayer on or after the zone expiration date. However,  
31 wages paid or incurred with respect to qualified employees who  
32 are employed by the taxpayer within the enterprise zone within the  
33 60-month period prior to the zone expiration date shall continue  
34 to qualify for the credit under this section after the zone expiration  
35 date, in accordance with all provisions of this section applied as if  
36 the enterprise zone designation were still in existence and binding.  
37 (2) “Minimum wage” means the wage established by the  
38 Industrial Welfare Commission as provided for in Chapter 1  
39 (commencing with Section 1171) of Part 4 of Division 2 of the  
40 Labor Code.



1 (3) “Zone expiration date” means the date the enterprise zone  
2 designation expires, is no longer binding, or becomes inoperative.

3 (4) (A) “Qualified employee” means an individual who meets  
4 all of the following requirements:

5 (i) At least 90 percent of whose services for the taxpayer during  
6 the taxable year are directly related to the conduct of the taxpayer’s  
7 trade or business located in an enterprise zone.

8 (ii) Performs at least 50 percent of his or her services for the  
9 taxpayer during the taxable year in an enterprise zone.

10 (iii) Is hired by the taxpayer after the date of original  
11 designation of the area in which services were performed as an  
12 enterprise zone.

13 (iv) Is any of the following:

14 (I) Immediately preceding the qualified employee’s  
15 commencement of employment with the taxpayer, was a person  
16 eligible for services under the federal Job Training Partnership Act  
17 (29 U.S.C. Sec. 1501 et seq.), or its successor, who is receiving,  
18 or is eligible to receive, subsidized employment, training, or  
19 services funded by the federal Job Training Partnership Act, or its  
20 successor.

21 (II) Immediately preceding the qualified employee’s  
22 commencement of employment with the taxpayer, was a person  
23 eligible to be a voluntary or mandatory registrant under the Greater  
24 Avenues for Independence Act of 1985 (GAIN) provided for  
25 pursuant to Article 3.2 (commencing with Section 11320) of  
26 Chapter 2 of Part 3 of Division 9 of the Welfare and Institutions  
27 Code, or its successor.

28 (III) Immediately preceding the qualified employee’s  
29 commencement of employment with the taxpayer, was an  
30 economically disadvantaged individual 14 years of age or older.

31 (IV) Immediately preceding the qualified employee’s  
32 commencement of employment with the taxpayer, was a  
33 dislocated worker who meets any of the following:

34 (aa) Has been terminated or laid off or who has received a  
35 notice of termination or layoff from employment, is eligible for or  
36 has exhausted entitlement to unemployment insurance benefits,  
37 and is unlikely to return to his or her previous industry or  
38 occupation.

39 (bb) Has been terminated or has received a notice of  
40 termination of employment as a result of any permanent closure



1 or any substantial layoff at a plant, facility, or enterprise, including  
2 an individual who has not received written notification but whose  
3 employer has made a public announcement of the closure or layoff.

4 (cc) Is long-term unemployed and has limited opportunities for  
5 employment or reemployment in the same or a similar occupation  
6 in the area in which the individual resides, including an individual  
7 55 years of age or older who may have substantial barriers to  
8 employment by reason of age.

9 (dd) Was self-employed (including farmers and ranchers) and  
10 is unemployed as a result of general economic conditions in the  
11 community in which he or she resides or because of natural  
12 disasters.

13 (ee) Was a civilian employee of the Department of Defense  
14 employed at a military installation being closed or realigned under  
15 the Defense Base Closure and Realignment Act of 1990.

16 (ff) Was an active member of the armed forces or National  
17 Guard as of September 30, 1990, and was either involuntarily  
18 separated or separated pursuant to a special benefits program.

19 (gg) Is a seasonal or migrant worker who experiences chronic  
20 seasonal unemployment and underemployment in the agriculture  
21 industry, aggravated by continual advancements in technology  
22 and mechanization.

23 (hh) Has been terminated or laid off, or has received a notice  
24 of termination or layoff, as a consequence of compliance with the  
25 Clean Air Act.

26 (V) Immediately preceding the qualified employee's  
27 commencement of employment with the taxpayer, was a disabled  
28 individual who is eligible for or enrolled in, or has completed a  
29 state rehabilitation plan or is a service-connected disabled veteran,  
30 veteran of the Vietnam era, or veteran who is recently separated  
31 from military service.

32 (VI) Immediately preceding the qualified employee's  
33 commencement of employment with the taxpayer, was an  
34 ex-offender. An individual shall be treated as convicted if he or she  
35 was placed on probation by a state court without a finding of guilt.

36 (VII) Immediately preceding the qualified employee's  
37 commencement of employment with the taxpayer, was a person  
38 eligible for or a recipient of any of the following:

39 (aa) Federal Supplemental Security Income benefits.

40 (bb) Aid to Families with Dependent Children.



1 (cc) Food stamps.

2 (dd) State and local general assistance.

3 (VIII) Immediately preceding the qualified employee's  
4 commencement of employment with the taxpayer, was a member  
5 of a federally recognized Indian tribe, band, or other group of  
6 Native American descent.

7 (IX) Immediately preceding the qualified employee's  
8 commencement of employment with the taxpayer, was a resident  
9 of a targeted employment area (as defined in Section 7072 of the  
10 Government Code).

11 (X) An employee who qualified the taxpayer for the enterprise  
12 zone hiring credit under former Section 23622 or the program area  
13 hiring credit under former Section 23623.

14 (XI) Immediately preceding the qualified employee's  
15 commencement of employment with the taxpayer, was a member  
16 of a targeted group, as defined in Section 51(d) of the Internal  
17 Revenue Code, or its successor.

18 (B) Priority for employment shall be provided to an individual  
19 who is enrolled in a qualified program under the federal Job  
20 Training Partnership Act or the Greater Avenues for Independence  
21 Act of 1985 or who is eligible as a member of a targeted group  
22 under the Work Opportunity Tax Credit (Section 51 of the Internal  
23 Revenue Code), or its successor.

24 (5) "Taxpayer" means a corporation engaged in a trade or  
25 business within an enterprise zone designated pursuant to Chapter  
26 12.8 (commencing with Section 7070) of Division 7 of Title 1 of  
27 the Government Code.

28 (6) "Seasonal employment" means employment by a taxpayer  
29 that has regular and predictable substantial reductions in trade or  
30 business operations.

31 (c) The taxpayer shall do both of the following:

32 (1) Obtain from—~~either~~ the Employment Development  
33 Department, as permitted by federal law, ~~or~~ the local county or city  
34 Job Training Partnership Act administrative entity ~~or~~, the local  
35 county GAIN office or social services agency, ~~as appropriate or~~  
36 *the local government administering the enterprise zone*, a  
37 certification that provides that a qualified employee meets the  
38 eligibility requirements specified in clause (iv) of subparagraph  
39 (A) of paragraph (4) of subdivision (b). The Employment  
40 Development Department may provide preliminary screening and



1 referral to a certifying agency. The Employment Development  
2 Department shall develop a form for this purpose. *The*  
3 *Department of Housing and Community Development shall*  
4 *develop regulations governing the issuance of certificates by local*  
5 *governments pursuant to subdivision (a) of Section 7086 of the*  
6 *Government Code.*

7 (2) Retain a copy of the certification and provide it upon  
8 request to the Franchise Tax Board.

9 (d) (1) For purposes of this section:

10 (A) All employees of all corporations which are members of  
11 the same controlled group of corporations shall be treated as  
12 employed by a single taxpayer.

13 (B) The credit, if any, allowable by this section to each member  
14 shall be determined by reference to its proportionate share of the  
15 expense of the qualified wages giving rise to the credit, and shall  
16 be allocated in that manner.

17 (C) For purposes of this subdivision, “controlled group of  
18 corporations” means “controlled group of corporations” as  
19 defined in Section 1563(a) of the Internal Revenue Code, except  
20 that:

21 (i) “More than 50 percent” shall be substituted for “at least 80  
22 percent” each place it appears in Section 1563(a)(1) of the Internal  
23 Revenue Code.

24 (ii) The determination shall be made without regard to  
25 subsections (a)(4) and (e)(3)(C) of Section 1563 of the Internal  
26 Revenue Code.

27 (2) If an employer acquires the major portion of a trade or  
28 business of another employer (hereinafter in this paragraph  
29 referred to as the “predecessor”) or the major portion of a separate  
30 unit of a trade or business of a predecessor, then, for purposes of  
31 applying this section (other than subdivision (e)) for any calendar  
32 year ending after that acquisition, the employment relationship  
33 between a qualified employee and an employer shall not be treated  
34 as terminated if the employee continues to be employed in that  
35 trade or business.

36 (e) (1) (A) If the employment, other than seasonal  
37 employment, of any qualified employee with respect to whom  
38 qualified wages are taken into account under subdivision (a) is  
39 terminated by the taxpayer at any time during the first 270 days of  
40 that employment, whether or not consecutive, or before the close



1 of the 270th calendar day after the day in which that employee  
2 completes 90 days of employment with the taxpayer, the tax  
3 imposed by this part for the taxable year in which that employment  
4 is terminated shall be increased by an amount equal to the credit  
5 allowed under subdivision (a) for that taxable year and all prior  
6 taxable years attributable to qualified wages paid or incurred with  
7 respect to that employee.

8 (B) If the seasonal employment of any qualified employee,  
9 with respect to whom qualified wages are taken into account under  
10 subdivision (a) is not continued by the taxpayer for a period of 270  
11 days of employment during the 60-month period beginning with  
12 the day the qualified employee commences seasonal employment  
13 with the taxpayer, the tax imposed by this part, for the taxable year  
14 that includes the 60th month following the month in which the  
15 qualified employee commences seasonal employment with the  
16 taxpayer, shall be increased by an amount equal to the credit  
17 allowed under subdivision (a) for that taxable year and all prior  
18 taxable years attributable to qualified wages paid or incurred with  
19 respect to that qualified employee.

20 (2) (A) Subparagraph (A) of paragraph (1) shall not apply to  
21 any of the following:

22 (i) A termination of employment of a qualified employee who  
23 voluntarily leaves the employment of the taxpayer.

24 (ii) A termination of employment of a qualified employee who,  
25 before the close of the period referred to in subparagraph (A) of  
26 paragraph (1), becomes disabled and unable to perform the  
27 services of that employment, unless that disability is removed  
28 before the close of that period and the taxpayer fails to offer  
29 reemployment to that employee.

30 (iii) A termination of employment of a qualified employee, if  
31 it is determined that the termination was due to the misconduct (as  
32 defined in Sections 1256-30 to 1256-43, inclusive, of Title 22 of  
33 the California Code of Regulations) of that employee.

34 (iv) A termination of employment of a qualified employee due  
35 to a substantial reduction in the trade or business operations of the  
36 taxpayer.

37 (v) A termination of employment of a qualified employee, if  
38 that employee is replaced by other qualified employees so as to  
39 create a net increase in both the number of employees and the hours  
40 of employment.



1 (B) Subparagraph (B) of paragraph (1) shall not apply to any  
2 of the following:

3 (i) A failure to continue the seasonal employment of a qualified  
4 employee who voluntarily fails to return to the seasonal  
5 employment of the taxpayer.

6 (ii) A failure to continue the seasonal employment of a  
7 qualified employee who, before the close of the period referred to  
8 in subparagraph (B) of paragraph (1), becomes disabled and  
9 unable to perform the services of that seasonal employment, unless  
10 that disability is removed before the close of that period and the  
11 taxpayer fails to offer seasonal employment to that qualified  
12 employee.

13 (iii) A failure to continue the seasonal employment of a  
14 qualified employee, if it is determined that the failure to continue  
15 the seasonal employment was due to the misconduct (as defined  
16 in Sections 1256-30 to 1256-43, inclusive, of Title 22 of the  
17 California Code of Regulations) of that qualified employee.

18 (iv) A failure to continue seasonal employment of a qualified  
19 employee due to a substantial reduction in the regular seasonal  
20 trade or business operations of the taxpayer.

21 (v) A failure to continue the seasonal employment of a  
22 qualified employee, if that qualified employee is replaced by other  
23 qualified employees so as to create a net increase in both the  
24 number of seasonal employees and the hours of seasonal  
25 employment.

26 (C) For purposes of paragraph (1), the employment  
27 relationship between the taxpayer and a qualified employee shall  
28 not be treated as terminated by either of the following:

29 (i) By a transaction to which Section 381(a) of the Internal  
30 Revenue Code applies, if the qualified employee continues to be  
31 employed by the acquiring corporation.

32 (ii) By reason of a mere change in the form of conducting the  
33 trade or business of the taxpayer, if the qualified employee  
34 continues to be employed in that trade or business and the taxpayer  
35 retains a substantial interest in that trade or business.

36 (3) Any increase in tax under paragraph (1) shall not be treated  
37 as tax imposed by this part for purposes of determining the amount  
38 of any credit allowable under this part.

39 (f) Rules similar to the rules provided in Section 46(e) and (h)  
40 of the Internal Revenue Code shall apply to both of the following:



1 (1) An organization to which Section 593 of the Internal  
2 Revenue Code applies.

3 (2) A regulated investment company or a real estate investment  
4 trust subject to taxation under this part.

5 (g) For purposes of this section, “enterprise zone” means an  
6 area designated as an enterprise zone pursuant to Chapter 12.8  
7 (commencing with Section 7070) of Division 7 of Title 1 of the  
8 Government Code.

9 (h) The credit allowable under this section shall be reduced by  
10 the credit allowed under Sections 23623.5, 23625, and 23646  
11 claimed for the same employee. The credit shall also be reduced  
12 by the federal credit allowed under Section 51 of the Internal  
13 Revenue Code.

14 In addition, any deduction otherwise allowed under this part for  
15 the wages or salaries paid or incurred by the taxpayer upon which  
16 the credit is based shall be reduced by the amount of the credit,  
17 prior to any reduction required by subdivision (i) or (j).

18 (i) In the case where the credit otherwise allowed under this  
19 section exceeds the “tax” for the taxable year, that portion of the  
20 credit that exceeds the “tax” may be carried over and added to the  
21 credit, if any, in succeeding taxable years, until the credit is  
22 exhausted. The credit shall be applied first to the earliest taxable  
23 years possible.

24 (j) (1) The amount of the credit otherwise allowed under this  
25 section and Section 23612.2, including any credit carryover from  
26 prior years, that may reduce the “tax” for the taxable year shall not  
27 exceed the amount of tax which would be imposed on the  
28 taxpayer’s business income attributable to the enterprise zone  
29 determined as if that attributable income represented all of the  
30 income of the taxpayer subject to tax under this part.

31 (2) Attributable income shall be that portion of the taxpayer’s  
32 California source business income that is apportioned to the  
33 enterprise zone. For that purpose, the taxpayer’s business  
34 attributable to sources in this state first shall be determined in  
35 accordance with Chapter 17 (commencing with Section 25101).  
36 That business income shall be further apportioned to the enterprise  
37 zone in accordance with Article 2 (commencing with Section  
38 25120) of Chapter 17, modified for purposes of this section in  
39 accordance with paragraph (3).



1 (3) Business income shall be apportioned to the enterprise zone  
2 by multiplying the total California business income of the taxpayer  
3 by a fraction, the numerator of which is the property factor plus the  
4 payroll factor, and the denominator of which is two. For purposes  
5 of this paragraph:

6 (A) The property factor is a fraction, the numerator of which is  
7 the average value of the taxpayer's real and tangible personal  
8 property owned or rented and used in the enterprise zone during  
9 the income year, and the denominator of which is the average value  
10 of all the taxpayer's real and tangible personal property owned or  
11 rented and used in this state during the income year.

12 (B) The payroll factor is a fraction, the numerator of which is  
13 the total amount paid by the taxpayer in the enterprise zone during  
14 the income year for compensation, and the denominator of which  
15 is the total compensation paid by the taxpayer in this state during  
16 the income year.

17 (4) The portion of any credit remaining, if any, after application  
18 of this subdivision, shall be carried over to succeeding taxable  
19 years, as if it were an amount exceeding the "tax" for the taxable  
20 year, as provided in subdivision (i).

21 (k) The changes made to this section by the act adding this  
22 subdivision shall apply to taxable years on or after January 1, 1997.

23 *SEC. 68. Section 335 of the Unemployment Insurance Code*  
24 *is amended to read:*

25 335. The department, in consultation and coordination with  
26 the film and movie industry, the ~~Technology, Trade, and~~  
27 ~~Commerce~~ *Business, Transportation and Housing* Agency, and  
28 the California Film Commission shall do all of the following,  
29 contingent upon the appropriation of funds in the annual Budget  
30 Act for these specified purposes:

31 (a) Research and maintain data on the employment and output  
32 of the film industry, including full-time, part-time, contract, and  
33 short duration or single event employees.

34 (b) Examine the ethnic diversity and representation of  
35 minorities in the entertainment industry.

36 (c) Determine the overall direct and indirect economic impact  
37 of the film industry.

38 (d) Monitor film industry employment and activity in other  
39 states and countries that compete with California for film  
40 production.



1 (e) Review the effect that federal and state laws and local  
2 ordinances have on the filmed entertainment industry.

3 (f) Prepare and release biannually a report to the chairpersons  
4 of the appropriate Senate and Assembly policy committees that  
5 details the information required by this section.

6 *SEC. 69. Section 10200 of the Unemployment Insurance Code*  
7 *is amended to read:*

8 10200. The Legislature finds and declares the following:

9 (a) California’s economy is being challenged by competition  
10 from other states and overseas. In order to meet this challenge,  
11 California’s employers, workers, labor organizations, and  
12 government need to invest in a skilled and productive workforce,  
13 and in developing the skills of frontline workers. For purposes of  
14 this section, “frontline worker” means a worker who directly  
15 produces or delivers goods or services.

16 The purpose of this chapter is to establish a strategically  
17 designed employment training program to promote a healthy labor  
18 market in a growing, competitive economy that shall fund only  
19 projects that meet the following criteria:

20 (1) Foster creation of high-wage, high-skilled jobs, or foster  
21 retention of high-wage, high-skilled jobs in manufacturing and  
22 other industries that are threatened by out-of-state and global  
23 competition, including, but not limited to, those industries in  
24 which targeted training resources for California’s small and  
25 medium-sized business suppliers will increase the state’s  
26 competitiveness to secure federal, private sector, and other  
27 nonstate funds. Provide for retraining contracts in companies that  
28 make a monetary or in-kind contribution to the funded training  
29 enhancements.

30 (2) Encourage industry-based investment in human resources  
31 development that promotes the competitiveness of California  
32 industry through productivity and product quality enhancements.

33 (3) Result in secure jobs for those who successfully complete  
34 training. All training shall be customized to the specific  
35 requirements of one or more employers or a discrete industry and  
36 shall include general skills that trainees can use in the future.

37 (4) Supplement, rather than displace, funds available through  
38 existing programs conducted by employers and  
39 government-funded training programs, such as the Workforce  
40 Investment Act of 1998, the Carl D. Perkins Vocational Education



1 Act, CalWORKs, the Enterprise Zone Act, and the Stewart B.  
2 McKinney Homeless Assistance Act, the California Community  
3 Colleges Economic Development Program, or apportionment  
4 funds allocated to the community colleges, regional occupational  
5 centers and programs, or other local educational agencies. In  
6 addition, it is further the intention of the Legislature that programs  
7 developed pursuant to this chapter shall not replace, parallel,  
8 supplant, compete with, or duplicate in any way already existing  
9 approved apprenticeship programs.

10 (b) The Employment Training Panel, in funding projects that  
11 meet the requirements of subdivision (a), shall give funding  
12 priority to those projects that best meet the following goals:

13 (1) Result in the growth of the California economy by  
14 stimulating exports from the state, and the production of goods and  
15 services that would otherwise be imported from outside the state.

16 (2) Train new employees of firms locating or expanding in the  
17 state that provide high-skilled, high-wage jobs and are committed  
18 to an ongoing investment in the training of frontline workers.

19 (3) Develop workers with skills that prepare them for the  
20 challenges of a high performance workplace of the future.

21 (4) Train workers who have been displaced, have received  
22 notification of impending layoff, or are subject to displacement,  
23 because of a plant closure, workforce reduction, changes in  
24 technology, or significantly increasing levels of international and  
25 out-of-state competition.

26 (5) Are jointly developed by business management and worker  
27 representatives.

28 (6) Develop career ladders for workers.

29 (7) Promote the retention and expansion of the state's  
30 manufacturing workforce.

31 (c) The program established through this chapter is to be  
32 coordinated with all existing employment training programs and  
33 economic development programs, including, but not limited to,  
34 programs such as the Workforce Investment Act of 1998, the  
35 California Community Colleges, the regional occupational  
36 programs, vocational education programs, joint  
37 labor-management training programs, and related programs under  
38 the Employment Development Department and the ~~Technology,  
39 Trade, and Commerce~~ *Business, Transportation and Housing*  
40 Agency.



1 SEC. 70. Section 10202.5 of the Unemployment Insurance  
2 Code is amended to read:

3 10202.5. (a) The panel shall consist of eight persons, seven  
4 of whom shall be appointed as provided in subdivision (b), and  
5 shall have experience and a demonstrated interest in business  
6 management and employment relations. The Secretary of ~~the~~  
7 ~~Trade and Commerce Agency~~ *Business, Transportation and*  
8 *Housing*, or his or her designee, shall also serve on the panel as an  
9 ex officio, voting member.

10 (b) (1) Two members of the panel shall be appointed by the  
11 Speaker of the Assembly. One of those members shall be a private  
12 sector labor representative and the other member shall be a  
13 business representative.

14 (2) Two members of the panel shall be appointed by the  
15 President pro Tempore of the Senate. One of those members shall  
16 be a private sector labor representative and the other member shall  
17 be a business representative.

18 (3) Three members of the panel shall be appointed by the  
19 Governor. One of those members shall be a private sector labor  
20 representative, one member shall be a business representative, and  
21 one member shall be a public member.

22 (4) Labor appointments shall be made from nominations from  
23 state labor federations. Business appointments shall be made from  
24 nominations from state business organizations and business trade  
25 associations.

26 (5) The Governor shall designate a member to chair the panel,  
27 and the person so designated shall serve as the chair of the panel  
28 at the pleasure of the Governor.

29 (c) The appointive members of the panel shall serve for  
30 two-year terms, except that of the initial members of the panel, one  
31 initial appointee of each appointing power shall serve for a  
32 one-year term.

33 (d) Appointive members of the panel shall receive the  
34 necessary traveling and other expenses incurred by them in the  
35 performance of their official duties out of appropriations made for  
36 the support of the panel. In addition, each appointive member of  
37 the panel shall receive one hundred dollars (\$100) for each day  
38 attending meetings of the panel, and may receive one hundred  
39 dollars (\$100) for each day spent conducting other official



1 business of the panel, but not exceeding a maximum of three  
2 hundred dollars (\$300) per month.

3 *SEC. 71. Section 10205 of the Unemployment Insurance Code*  
4 *is amended to read:*

5 10205. The panel shall do all of the following:

6 (a) Establish a three-year plan that shall be updated annually,  
7 based on the demand of employers for trained workers, changes in  
8 the state's economy and labor markets, and continuous reviews of  
9 the effectiveness of panel training contracts. The initial three-year  
10 plan shall be submitted to the Governor and the Legislature not  
11 later than January 1, 1994. The initial update of the plan shall be  
12 submitted not later than July 1, 1994, and annual updates of the  
13 plan thereafter shall be submitted not later than July 1 of each year.  
14 In carrying out this section, the panel shall review information in  
15 the following areas:

16 (1) Labor market information, including the state-local labor  
17 market information program in the Employment Development  
18 Department, and economic forecasts.

19 (2) Evaluations of the effectiveness of training as measured by  
20 increased security of employment for workers and benefits to the  
21 California economy.

22 (3) The demand for training by industry, type of training, and  
23 size of employer.

24 (4) Changes in skills necessary to perform jobs, including  
25 changes in basic literacy skills.

26 (5) Changes in the demographics of the labor force and the  
27 population entering the labor market.

28 (6) Proposed expenditures by other agencies of federal  
29 Workforce Investment Act funds and other state and federal  
30 training and vocational education funds on eligible participants.

31 (b) Maintain a system to continuously monitor economic and  
32 other data required under this plan. If this data changes  
33 significantly during the life of the plan, the plan shall be amended  
34 by the panel. Each plan shall include all of the following:

35 (1) The panel's objectives with respect to the criteria and  
36 priorities specified in Section 10200 and the distribution of funds  
37 between new-hire training and retraining.

38 (2) The identification of specific industries, production and  
39 quality control techniques, and regions of the state where  
40 employment training funds would most benefit the state's



1 economy and plans to encourage training in these areas, including  
2 specific standards and a system for expedited review of proposals  
3 that meet the standards.

4 (3) A system for expedited review of proposals that are  
5 substantially similar with respect to employer needs, training  
6 curriculum, duration of training, and costs of training, in order to  
7 encourage the development of proposals that meet the needs  
8 identified in paragraph (2).

9 (4) The panel's goals, operational objectives, and strategies to  
10 meet the needs of small businesses, including, but not limited to,  
11 those small businesses with 100 or fewer employees. These  
12 strategies proposed by the panel may include, but not be limited  
13 to, pilot demonstration projects designed to identify potential  
14 barriers that small businesses may experience in accessing panel  
15 programs and workforce training resources, including barriers that  
16 may exist within small businesses.

17 (5) The research objectives of the panel that contribute to the  
18 effectiveness of this chapter in benefiting the economy of the state  
19 as a whole.

20 (6) A priority list of skills that are in such short supply that  
21 employers are choosing to not locate or expand their businesses in  
22 the state or are importing labor in response to these skills  
23 shortages.

24 (c) Solicit proposals and write contracts on the basis of  
25 proposals made directly to it. Contracts for the purpose of  
26 providing employment training may be written with any of the  
27 following:

28 (1) An employer or group of employers.

29 (2) A training agency.

30 (3) A local workforce investment board with the approval of  
31 the appropriate local elected officials in the local workforce  
32 investment area.

33 (4) A grant recipient or administrative entity selected pursuant  
34 to the federal Workforce Investment Act of 1998, with the  
35 approval of the local workforce investment board and the  
36 appropriate local elected officials.

37 These contracts shall be in the form of fixed-fee performance  
38 contracts. Notwithstanding any provision of law to the contrary,  
39 contracts entered into pursuant to this chapter shall not be subject  
40 to competitive bidding procedures. Contracts for training may be



1 written for a period not to exceed 24 months for the purpose of  
2 administration by the panel and the contracting employer or any  
3 group of employers acting jointly or any training agency for the  
4 purpose of providing employment training.

5 (d) Fund training projects that best meet the priorities  
6 identified annually. In doing so, the panel shall seek to facilitate the  
7 employment of the maximum number of eligible participants.

8 (e) Establish minimum standards for the consideration of  
9 proposals, which shall include, but not be limited to, the  
10 identification of employers who have been contacted by the  
11 contractor and who have provided reasonable assurance that they  
12 will employ successful trainees, the number of jobs available, the  
13 skill requirements for the identified jobs, the projected cost per  
14 person trained, hired, and retained in employment, the wages paid  
15 successful trainees upon placement, and the curriculum for the  
16 training. No proposal shall be considered or approved that  
17 proposes training for employment covered by a collective  
18 bargaining agreement unless the signatory labor organization  
19 agrees in writing.

20 (f) Develop a process by which local workforce investment  
21 boards may apply for marketing resources for the purpose of  
22 identifying local employers that have training needs that reflect the  
23 priorities of the panel. The panel may delegate its authority to  
24 approve contracts for training to local workforce investment  
25 boards, provided that no contract approved exceeds fifty thousand  
26 dollars (\$50,000) per project without prior approval of the panel  
27 and all contracts meet the provisions of this chapter and are  
28 consistent with the annual priorities identified by the panel.

29 (g) Ensure the provision of adequate fiscal and accounting  
30 controls for, monitoring and auditing of, and other appropriate  
31 technical and administrative assistance to, projects funded by this  
32 chapter.

33 (h) Provide for evaluation of projects funded by this chapter.  
34 The evaluations shall assess the effectiveness of training  
35 previously funded by the panel to improve job security and  
36 stability for workers, and benefit participating employers and the  
37 state's economy, and shall compare the wages of trainees in the  
38 12-month period prior to training as well as the 12-month period  
39 subsequent to completion of training, as reflected in the  
40 department's unemployment insurance tax records. Individual



1 project evaluations shall contain a summary description of the  
2 project, the number of persons entering training, the number of  
3 persons completing training, the number of persons employed at  
4 the end of the project, the number of persons still employed three  
5 months after the end of the project, the wages paid, the total costs  
6 of the project, and the total reimbursement received from the  
7 Employment Training Fund.

8 (i) Report annually to the Legislature, by November 30, on  
9 projects operating during the previous state fiscal year. These  
10 annual reports shall provide separate summaries of all of the  
11 following:

12 (1) Projects completed during the year, including their  
13 individual and aggregate performance and cost.

14 (2) Projects not completed during the year, briefly describing  
15 each project and identifying approved contract amounts by  
16 contract and for this category as a whole, and identifying any  
17 projects in which funds are expected to be disencumbered.

18 (3) Projects terminated prior to completion and the reasons for  
19 the termination.

20 (4) A description of the amount, type, and effectiveness of  
21 literacy training funded by the panel.

22 (5) Results of complete project evaluations.

23 (6) A description of pilot projects, and the strategies that were  
24 identified through these projects, to increase access by small  
25 businesses to panel training contracts.

26 (7) A listing of training projects that were funded in high  
27 unemployment areas and a detailed description of the policies and  
28 procedures that were used to designate geographic regions and  
29 municipalities as high unemployment areas.

30 In addition, based upon its experience in administering job  
31 training projects, the panel shall include in these reports policy  
32 recommendations concerning the impact of job training and the  
33 panel's program on economic development, labor-management  
34 relations, employment security, and other related issues.

35 (j) Conduct ongoing reviews of panel policies with the goal of  
36 developing an improved process for developing, funding, and  
37 implementing panel contracts as described in this chapter.

38 (k) Expedite the processing of contracts for firms considering  
39 locating or expanding businesses in the state, ~~as determined by the~~  
40 ~~Technology, Trade, and Commerce Agency~~, in accordance with



1 the priorities for employment training programs set forth in  
2 subdivision (b) of Section 10200.

3 (l) Coordinate and consult regularly with business groups and  
4 labor organizations, the California Workforce Investment Board,  
5 the State Department of Education, the office of the Chancellor of  
6 the California Community Colleges, *and* the Employment  
7 Development Department, ~~and the Technology, Trade, and~~  
8 ~~Commerce Agency.~~

9 (m) Adopt by regulation procedures for the conduct of panel  
10 business, including the scheduling and conduct of meetings, the  
11 review of proposals, the disclosure of contacts between panel  
12 members and parties at interest concerning particular proposals,  
13 contracts or cases before the panel or its staff, the awarding of  
14 contracts, the administration of contracts, and the payment of  
15 amounts due to contractors. All decisions by the panel shall be  
16 made by resolution of the panel and any adverse decision shall  
17 include a statement of the reason for the decision.

18 (n) Adopt regulations and procedures providing reasonable  
19 confidentiality for the proprietary information of employers  
20 seeking training funds from the panel if the public disclosure of  
21 that information would result in an unfair competitive  
22 disadvantage to the employer supplying the information. The  
23 panel may not withhold information from the public regarding its  
24 operations, procedures, and decisions that would otherwise be  
25 subject to disclosure under the California Public Records Act  
26 (Chapter 3.5 (commencing with Section 6250) of Division 7 of  
27 Title 1 of the Government Code).

28 (o) Review and comment on the budget and performance of  
29 any program, project, or activity funded by the panel utilizing  
30 funds collected pursuant to Section 976.6.

31 *SEC. 72. Section 10206 of the Unemployment Insurance Code*  
32 *is amended to read:*

33 10206. (a) The panel may allocate money in the fund for any  
34 of the following purposes:

35 (1) Reimbursement of reasonable training costs, and  
36 administrative costs incurred by contractors. In making a  
37 determination of costs to be reimbursed under this paragraph, the  
38 panel may allocate funds in accordance with any of the following  
39 methods:



1 (A) For purposes of providing simplified fixed-fee  
2 performance contracts, a flat rate per hour for categories of  
3 training that are substantially similar with respect to content,  
4 methodology, and duration, as determined by the panel, not to  
5 exceed the reasonable and normal costs for the training. The panel  
6 shall periodically adjust the standardized rates established  
7 pursuant to this paragraph to reflect changes in training costs.

8 (B) A complete review of the proposal and its costs, including  
9 a budget listing the planned costs of training, including personnel,  
10 fringe benefits, equipment, supplies, fees for consulting or  
11 administrative services, and other costs attributable to training; the  
12 services provided by subcontractors; the length and complexity of  
13 the training; the method of training; the wages and occupations  
14 following training; whether the trainees are new hires or  
15 retrainees; and the cost of similar training that the panel has funded  
16 previously. The cost of administration shall not exceed 15 percent  
17 of the training costs under this paragraph, except that for new hire  
18 training the panel may fund administrative costs of up to 25  
19 percent of the training cost.

20 (C) The panel may modify the specific requirements of this  
21 paragraph as they apply to employers or contractors proposing  
22 projects that involve training for a significant number of small  
23 employers in the same project.

24 (D) A contractor is prohibited from utilizing any funds earned  
25 or paid as advances or progress payments for the purpose of  
26 making payments to any other individual or entity, either directly  
27 or indirectly, for costs incurred as a finder's fee or for other  
28 compensation related to the predevelopment or development  
29 phase of a training program, which is based on a percentage of the  
30 preliminary or final panel award to the contractor for the training  
31 project.

32 (2) (A) Costs of program administration incurred under this  
33 chapter. These costs shall be reviewed annually by the Department  
34 of Finance and the Legislature and determined through the normal  
35 budgetary process.

36 (B) The panel's administrative costs, exclusive of the cost of  
37 administering Section 976.6, shall not exceed 15 percent of the  
38 total amount annually appropriated for expenditure by the panel.  
39 Expenditures for marketing, research, and evaluations provided  
40 under the contract to the panel that otherwise would have been



1 provided directly by the panel shall not be included in this  
2 limitation.

3 (3) Service related to the purposes of this chapter provided by  
4 the Small Business Development Centers ~~pursuant to an~~  
5 ~~interagency agreement with the Trade and Commerce Agency.~~

6 (b) For all training contracts, the panel shall establish  
7 requirements for in-kind contributions by either the contractor or  
8 the employer that reflect a substantial commitment on the part of  
9 the contractor or the employer to the value of the training. In  
10 developing these requirements, the panel shall take into account  
11 the ability of the contractor or the employer, because of size or  
12 financial condition, to make any contribution, and the ability of the  
13 Employment Training Fund to meet the demand for training  
14 authorized by this chapter. In developing policies regarding  
15 in-kind contributions, the panel shall hold public hearings.

16 *SEC. 73. Section 10213.5 of the Unemployment Insurance*  
17 *Code is repealed.*

18 ~~10213.5. (a) The Trade and Commerce Agency shall~~  
19 ~~determine those firms considering locating or expanding~~  
20 ~~businesses in the state in order to enable the Employment Training~~  
21 ~~Panel to expedite the processing of contracts for these firms~~  
22 ~~pursuant to subdivision (g) of Section 10205. The Trade and~~  
23 ~~Commerce Agency shall also provide technical assistance by~~  
24 ~~marketing the Employment Training Fund to newly locating or~~  
25 ~~expanding businesses in the state and by assisting in the packaging~~  
26 ~~of employer contracts for training of eligible participants from the~~  
27 ~~Employment Training Fund.~~

28 ~~(b) The Small Business Development Center program in the~~  
29 ~~Office of Small Business in the Trade and Commerce Agency shall~~  
30 ~~provide information and applications for funding by the panel to~~  
31 ~~its clients.~~

32 *SEC. 74. Section 10525 of the Unemployment Insurance Code*  
33 *is amended to read:*

34 10525. The coordination and special services plan shall also  
35 include a dislocated workers assistance plan to provide services to  
36 eligible workers pursuant to Chapter 7.5 (commencing with  
37 Section 15075) of Division 8. The dislocated workers assistance  
38 plan shall meet the requirements of Title III of the federal Job  
39 Training Partnership Act (Public Law 97-300), as amended, and  
40 include all of the following:



1 (a) The specific responsibilities of each of the state agencies  
2 administering dislocated workers assistance programs.

3 ~~(b) Procedures for the exchange of information and~~  
4 ~~coordination between the Employment Development Department~~  
5 ~~and the Trade and Commerce Agency for the purpose of~~  
6 ~~developing strategies to avert plant closings or mass layoffs and to~~  
7 ~~accelerate the reemployment of affected individuals.~~

8 ~~(c) Provide that services to a substantial number of members of~~  
9 ~~a labor organization shall be established only after full~~  
10 ~~consultation with the labor organization.~~

11 ~~(d)~~

12 (c) Prescribe program standards, including, but not limited to,  
13 standards based on job placement and job retention.

14 ~~(e)~~

15 (d) Integration of displaced worker services with services and  
16 payments made available under the federal Trade Act of 1974, as  
17 amended (19 U.S.C. Sec. 2101 and following), unemployment  
18 insurance benefits, the Job Service, vocational education  
19 programs, and other programs provided under this division.

20 ~~(f)~~

21 (e) Coordination of local dislocated worker rapid response  
22 assistance planning with the federal Worker Adjustment and  
23 Retraining Notification Act, Public Law 100-379, by designation  
24 of local service delivery area grant administrators as local  
25 governmental entities that will also formally receive the 60-day  
26 notice required under the federal act.

27 *SEC. 75. Section 10529 of the Unemployment Insurance Code*  
28 *is amended to read:*

29 10529. (a) The services provided by the existing labor  
30 market information system within the department shall include  
31 workforce and economic information that does all of the  
32 following:

33 (1) Provides data and information to the state Workforce  
34 Investment Board created pursuant to Section 2821 of Title 29 of  
35 the United States Code, to enable the board to plan, operate, and  
36 evaluate investments in the state's workforce preparation system  
37 that will make the California economy more productive and  
38 competitive.

39 (2) Provides data and information to the California Economic  
40 Strategy Panel for continuous strategic planning and the



1 development of policies for the growth and competitiveness of the  
2 California economy.

3 (3) Identifies and combines information from various state data  
4 bases to produce useful, geographically based analysis and  
5 products, to the extent possible using existing resources.

6 (4) Provides technical assistance related to accessing  
7 workforce and economic information to local governments,  
8 public-sector entities, research institutes, nonprofit organizations,  
9 and community groups that have various levels of expertise, to the  
10 extent possible using existing resources.

11 (b) The department shall coordinate with ~~the Trade and~~  
12 ~~Commerce Agency~~, the State Department of Education, the  
13 Chancellor of the California Community Colleges, the State  
14 Department of Social Services, the California Postsecondary  
15 Education Commission, the Department of Finance, and the  
16 Franchise Tax Board in developing economic and workforce  
17 information. The department shall also solicit input in the  
18 operation of the program from public and private agencies and  
19 individuals that make use of the labor market information  
20 provided by the department.

21 *SEC. 76. Section 11010 of the Unemployment Insurance Code*  
22 *is amended to read:*

23 11010. (a) The Legislature finds and declares the following:

24 (1) California must have a world class system of education and  
25 training linked to economic development in order to meet the  
26 demands of global economic competition.

27 (2) The California Economic Strategy Panel determined that  
28 California's economy is undergoing a dramatic transformation  
29 whereby California is in an established leadership position with  
30 respect to a number of emerging industries representing a new  
31 economy of the 21st century, and that education and work force  
32 preparation are critical to the growth and competitiveness of  
33 California's economy.

34 (3) California's work force preparation programs, including  
35 job training, job placement, and education, spend over six billion  
36 dollars (\$6,000,000,000) annually serving 6,700,000 students,  
37 displaced and unemployed workers, welfare recipients, and  
38 incumbent workers.

39 (4) At least 22 state programs and many federal and local  
40 programs provide these work force preparation services.



1 (5) With the increasing demand to educate and train the youth  
2 and adults in this state with the skills necessary to obtain and retain  
3 employment especially in the industries essential for its economic  
4 growth, California needs to maximize the effective use of  
5 resources for its work force preparation programs to create a more  
6 coherent, comprehensive, accountable, and customer-focused  
7 system.

8 (6) An effective work force preparation system is necessary for  
9 California to meet the time limit and work force preparation  
10 requirements of the Personal Responsibility and Work  
11 Opportunity Reconciliation Act of 1996 (P.L. 104-193).

12 (7) In order to accomplish this, the public and private sector  
13 entities responsible for economic development, education, and  
14 work force preparation must collaborate at the state and local  
15 levels.

16 (8) This collaboration must be compatible with the existing  
17 missions and governance structures of all entities involved.

18 (9) The major objective of this act is the integration of existing  
19 local and regional partnerships that support initiatives in education  
20 reform, work force preparation, and economic development.

21 (10) In order to promote this collaboration, the Secretary of ~~the~~  
22 ~~California Health and Welfare Agency Human Services~~, the  
23 ~~Secretary of the Trade and Commerce Agency Labor and~~  
24 ~~Workforce Development~~, the Chancellor of the California  
25 Community Colleges, and the Superintendent of Public  
26 Instruction shall, in consultation with state, regional, and local  
27 stakeholders, and customers, collaborate in the development of a  
28 state work force development system and shall encourage and  
29 support local partners to develop regional work force  
30 collaboratives.

31 (b) The Legislature hereby enacts the Regional Workforce  
32 Preparation and Economic Development Act to demonstrate how,  
33 through the collaboration of state and local resources, education,  
34 work force preparation and economic development services can be  
35 delivered to clients in a more responsive, integrated, and effective  
36 manner.

37 *SEC. 77. Section 11011 of the Unemployment Insurance Code*  
38 *is amended to read:*

39 11011. (a) On or before April 1, 1998, the Secretary of ~~the~~  
40 ~~California Health and Welfare Agency~~, ~~the Secretary of the Trade~~



1 ~~and Commerce Agency~~ *Human Services*, the Chancellor of the  
2 California Community Colleges with the consent of the Board of  
3 Governors, and the Superintendent of Public Instruction, with the  
4 consent of the State Board of Education, shall enter into a  
5 memorandum of understanding to develop and maintain a plan  
6 including a schedule to do the following:

7 (1) (A) Develop a state work force development plan to create  
8 an integrated, high-quality work force development system out of  
9 the current array of job training and vocational education  
10 programs in order to prepare emerging, transitional, and current  
11 workers to be employed in the state's global economy. The plan  
12 shall serve as a framework for the development of public policy,  
13 fiscal investment, and operation of all state work force education  
14 and training programs.

15 (B) The plan, which shall be updated every five years, shall, at  
16 a minimum, include all of the following:

17 (i) Long term goals for the state's work force development  
18 system.

19 (ii) Short term objectives and benchmarks that the state will use  
20 to measure its progress towards meeting the state's goals for the  
21 state work force development system and its programs.

22 (iii) Identification of the role each institution and program  
23 plays in the statewide system and mechanism of articulation  
24 among programs.

25 (iv) A strategy for assessing unmet work force preparation  
26 needs and areas of duplicative services and a description of  
27 measures to assure coordination, eliminate duplication, and  
28 maximize or redirect funding to more effectively deliver services  
29 to meet the state's work force development needs.

30 (v) A strategy for consolidating multiple planning processes.

31 (vi) A strategy with benchmarks for implementing a system of  
32 universal access to work force development services ensuring  
33 access to comprehensive services in all rural and urban areas of the  
34 state.

35 (C) The plan shall be developed through a collaborative  
36 process that shall include review and input by state, regional, and  
37 local work force education and training providers, private industry  
38 councils, and representatives of business and labor.

39 (D) A report with final recommendations on how state, local,  
40 and regional agencies and programs can deliver seamless,



1 high-quality services to clients shall be transmitted to the  
2 Governor and the Legislature by October 1, 1999.

3 (2) Initiate a competitive process to select a minimum of five  
4 regional education, work force preparation, and economic  
5 development collaboratives, known as regional collaboratives,  
6 that will receive financial and program incentives to develop local  
7 partnerships to maximize the delivery of employment, training,  
8 and education services. These partnerships shall collaborate in the  
9 development of shared systems to improve their efficiency and  
10 effectiveness in delivering work force development services.

11 (3) Identify new and redirected resources, federal and state  
12 waivers, and legislative changes necessary to enhance the  
13 effectiveness of regional collaboratives.

14 (b) Regional collaboratives shall have representation from the  
15 following public and private entities:

16 (1) The Employment Development Department.

17 (2) The local Job Training Partnership Act administrative  
18 entity.

19 (3) Community college districts.

20 (4) Local school districts, including those that provide adult  
21 education and regional occupational centers or programs.

22 (5) Regional occupational centers serving adults.

23 (6) Entities administering local public assistance  
24 welfare-to-work programs.

25 (7) Local economic development organizations.

26 (8) The private sector, including both business and labor.

27 In addition, the competitive selection process shall emphasize  
28 the expectation that these regional collaboratives will have broad  
29 representation of all public, private, and nonprofit agencies that  
30 have an interest in education, economic development,  
31 welfare-to-work, and work force development.

32 (c) Regional collaboratives shall be selected and shall receive  
33 financial and program incentives effective July 1, 1998.

34 (d) From existing state and federal funds available for  
35 expenditure for the purposes of this section, the state partners shall  
36 identify five million dollars (\$5,000,000) per year for each of three  
37 years for distribution to a minimum of five regional collaboratives,  
38 in order to create systemic change that results in increased  
39 collaboration and service delivery within each region.



1     *SEC. 78. Section 12112 of the Unemployment Insurance Code*  
2     *is amended to read:*

3     12112. A procedure for applying for grants shall be developed  
4     by a panel consisting of the Directors of the Employment  
5     Development Department, *and the Department of Industrial*  
6     Relations, ~~and the Trade and Commerce Agency~~, who shall also  
7     make the final decision on the awarding of grants.

8     *SEC. 79. Section 12151 of the Unemployment Insurance Code*  
9     *is amended to read:*

10    12151. It is the intent of the Legislature that the Employment  
11    Development Department, with the assistance of the Department  
12    of Industrial Relations ~~and the Trade and Commerce Agency~~, seek  
13    and apply for funds from the federal government and other  
14    potential sources to implement the program established under this  
15    division.

16    *SEC. 80. Section 15076 of the Unemployment Insurance Code*  
17    *is amended to read:*

18    15076. The private industry councils in each service delivery  
19    area shall recommend and approve an employment and training  
20    plan for displaced workers, which shall meet the requirements of  
21    the federal Job Training Partnership Act, and in addition provide  
22    for each of the following:

23    (a) Identification, in conjunction with the Employment  
24    Development Department, of individuals eligible for assistance  
25    due to any of the following facts:

26    (1) The individuals have been terminated or laid off or have  
27    received a notice of termination or layoff from employment, are  
28    eligible for or have exhausted their entitlement to unemployment  
29    compensation, and are unlikely to return to their previous industry  
30    or occupation.

31    (2) The individuals have been terminated from employment, or  
32    have received a notice of termination of employment, as a result  
33    of any permanent closure of, or substantial layoff at, a plant,  
34    facility, or enterprise.

35    (3) The individuals are long-term unemployed and have  
36    limited opportunities for employment or reemployment in the  
37    same or a similar occupation in the area in which they reside,  
38    including older individuals who have had substantial barriers to  
39    employment by reason of age.



1 (4) The individuals were self-employed (including farmers and  
2 ranchers) and are unemployed as a result of general economic  
3 conditions in the community in which they reside or because of  
4 natural disasters.

5 (5) The individuals are displaced homemakers who may be  
6 provided services as additional dislocated workers without  
7 adversely affecting the delivery of services to eligible dislocated  
8 workers.

9 (b) Determination of job opportunities that exist within the  
10 local labor market area or outside the labor market area for which  
11 displaced workers could be retrained, and determination of what  
12 training for identified employment opportunities exists or could be  
13 provided within the local area. This determination shall be  
14 undertaken by use of both of the following:

15 (1) The State-Local Cooperative Labor Market Information  
16 Program established in Section 15074.

17 (2) As appropriate, representatives of the Employment  
18 Training Panel in accordance with its functions pursuant to  
19 Chapter 3.5 (commencing with Section 10200) of Part 1 of  
20 Division 3, ~~and representatives of the Trade and Commerce~~  
21 ~~Agency as provided in Article 3.5 (commencing with Section~~  
22 ~~15340) of Chapter 1 of Part 6.7 of Division 3 of the Government~~  
23 ~~Code.~~

24 (c) Informing eligible displaced workers of training  
25 opportunities. This process shall be undertaken in conjunction  
26 with the Employment Development Department.

27 (d) A program for dislocated workers assistance drawing, as  
28 appropriate, upon existing facilities and resources, which may  
29 include, but not be limited to, all of the following:

30 (1) Dislocated worker employment services and related  
31 assistance, provided that employment-related services are  
32 coordinated with, and do not duplicate, those available and  
33 accessible services of the Employment Development Department,  
34 including all of the following:

35 (A) Job search assistance.

36 (B) Job development.

37 (C) Support services, such as financial and personal  
38 counseling, child care and related children's services, and  
39 assistance in obtaining equipment and supplies necessary for  
40 retraining or new employment.



1 (D) Relocation assistance, if it is determined that an eligible  
2 individual cannot obtain employment in the commuting area and  
3 has secured suitable long duration employment or a bona fide job  
4 offer.

5 (E) Prelayoff assistance.

6 (F) Programs conducted in cooperation with employers or  
7 labor organizations to provide early intervention in the event of  
8 closures of plants or facilities.

9 (2) Training in job skills for which demand exceeds supply,  
10 including, where feasible, job training administered by the  
11 Employment Training Panel pursuant to Chapter 3.5  
12 (commencing with Section 10200) of Part 1 of Division 3.

13 (3) Commuting assistance, consistent with the Displaced  
14 Worker Transportation Program established pursuant to Section  
15 14002.5 of the Government Code.

16 (e) Consultation with affected labor organizations, in the case  
17 of any assistance program that will provide services to a substantial  
18 number of members of these labor organizations.

19 (f) Involvement of displaced workers in program delivery,  
20 including, as appropriate, paid employment for these individuals  
21 in providing services under the program.

22 (g) Utilization of services and resources from other sources,  
23 public and private, and specific procedures for coordination with  
24 other programs, in order to maximize services for displaced  
25 workers and their families and increase employment and training  
26 opportunities. Examples of programs to be included are the  
27 following:

28 (1) Other employment and training and education programs.

29 (2) Social services, including child care and related children's  
30 services.

31 (3) Housing programs, including low-income weatherization  
32 and home energy conservation programs.

33 (4) Transportation related programs, including highway,  
34 bridge, and mass transit construction and repair.

35 (5) Other programs related to infrastructure development and  
36 repair.

37 (6) Economic development programs deemed applicable.

38 (h) Contracting with the Employment Development  
39 Department in order to provide funding for special services the



1 department is to provide under the local displaced worker  
2 assistance program.

3 (i) Coordination with neighboring jurisdictions, in cases of  
4 plant closings or mass layoffs that cross service delivery areas.

5 (j) A system of program and fiscal accountability to ensure  
6 maximum benefit from the expenditure of federal and state funds  
7 and that is consistent with procedures established in the state's job  
8 training plan pursuant to Section 121 of the federal Job Training  
9 Partnership Act (Public Law 93-700), as amended, including all  
10 of the following:

11 (1) Performance goals and standards, established by the State  
12 Job Training Coordinating Council, including standards for both  
13 of the following:

14 (A) Placement and retention in unsubsidized employment.

15 (B) Earnings and wages.

16 (2) Procedures for reporting on the outcome of the program,  
17 which include all of the following:

18 (A) A description of activities conducted.

19 (B) Characteristics of participants.

20 (C) The extent to which the activities conducted achieved  
21 relevant performance goals.

22 (3) Fiscal control, accounting, audit, and related provisions.

23 (k) Identification of the administrative entity of the local  
24 service delivery area or consortium that shall also receive the  
25 60-day notification required to be given to units of local  
26 government pursuant to the federal Worker Adjustment and  
27 Retraining Notification Act (Public Law 100-379).

28 (l) Integration of services and benefits available under Chapter  
29 2 of Title II of the federal Trade Act of 1974 (19 U.S.C. Sec. 2101  
30 and following) and Article 1.5 (commencing with Section 1266)  
31 of Chapter 5 of Part 1 of Division 1.

32 The plan shall be reviewed and approved ~~according~~ pursuant to  
33 Sections 15045 and 15046.

34 *SEC. 81. Section 15076.5 of the Unemployment Insurance*  
35 *Code is amended to read:*

36 15076.5. The California Workforce Investment Board shall  
37 do all of the following:

38 (a) Be the lead state agency to establish policies for:

39 (1) Alleviating adverse conditions that might cause plant  
40 closures and, where closures are unavoidable, assisting local



1 efforts to secure alternative employment and retraining  
2 opportunities for displaced workers.

3 (2) Marshaling available state and federal resources to aid  
4 workers and communities affected by major plant closures and to  
5 foster long-term economic vitality, industrial growth, and job  
6 opportunities.

7 (3) Integrating appropriate activities of the ~~Technology, Trade~~  
8 ~~and Commerce Business, Transportation and Housing Agency,~~  
9 the Employment Development Department, the Employment  
10 Training Panel, the Department of Industrial Relations, the State  
11 Department of Education, the Chancellor's Office of the  
12 California Community Colleges, and the Governor's Office of  
13 Planning and Research with the State Dislocated Worker Unit.

14 (4) Collection of data and preparation of economic analyses  
15 and reporting, intended to provide better and more detailed  
16 assessments of future trends within the industrial, commercial, and  
17 agricultural sectors of the economy.

18 (b) Review and comment on the plans for displaced worker  
19 assistance programs submitted pursuant to Section 15076.

20 (c) Recommend to the Governor necessary components of state  
21 plans under the jurisdiction of other state offices, departments, or  
22 agencies that administer programs appropriate for coordination  
23 with dislocated worker assistance programs authorized by this  
24 chapter.

25 (d) Review and make recommendations to the Governor and  
26 the Legislature regarding changes needed in current federal and  
27 state statutes and programs in order to minimize adverse  
28 consequences of plant closures and promote rapid reemployment  
29 of workers and revitalization of communities.

30 *SEC. 82. Section 15077 of the Unemployment Insurance Code*  
31 *is amended to read:*

32 15077. The Employment Development Department shall do  
33 all of the following:

34 (a) Review and approve the plans for displaced workers'  
35 assistance submitted pursuant to Section 15076.

36 (b) According to policies established by the State Job Training  
37 Coordinating Council and state law, coordinate displaced workers  
38 assistance efforts in situations where plant closures or layoffs  
39 within an industry have a significant statewide impact.



1 (c) Encourage and coordinate early identification of situations  
2 of potential plant closures, and provide any assistance that may be  
3 necessary to alleviate economic dislocation.

4 ~~(d) Provide assistance to the Trade and Commerce Agency in~~  
5 ~~active recruitment of replacement industries or establishments.~~

6 ~~(e)~~ Cooperate with the Employment Training Panel in the  
7 coordination of training and services for displaced workers  
8 eligible under Chapter 3.5 (commencing with Section 10200) of  
9 Part 1 of Division 3.

10 ~~(f)~~

11 (e) Serve as the state agency providing any information and  
12 procedural activities that may be required by the federal  
13 government to ensure federal funding for dislocated workers  
14 assistance.

15 ~~(g)~~

16 (f) Provide for the submission of applications to the United  
17 States Secretary of Labor for additional federal funding to the state  
18 in accordance with Title III of the federal Job Training Partnership  
19 Act (Public Law 93-700), as amended.

20 ~~(h)~~

21 (g) Operate a monitoring, reporting, and management system  
22 that provides an adequate information base for effective program  
23 planning, management, review, and evaluation.

24 ~~(i)~~

25 (h) Administer federal and state funds appropriated for the  
26 support of demonstration and special assistance programs for  
27 dislocated workers.

28 ~~(j)~~

29 (i) Provide specific periodic notification to employers of 100  
30 or more employees of their potential responsibilities under the  
31 federal Worker Adjustment and Retraining Notification Act (P.L.  
32 100-379), the availability of services to employees and employers  
33 under this and other state laws, and instructions on how to comply  
34 with those laws and obtain appropriate services.

35 *SEC. 83. This act is an urgency statute necessary for the*  
36 *immediate preservation of the public peace, health, or safety*  
37 *within the meaning of Article IV of the Constitution and shall go*  
38 *into immediate effect. The facts constituting the necessity are:*



- 1 *In order to make the necessary changes to implement the Budget*
- 2 *Act of 2004 it is necessary that this act take effect immediately.*

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